

COMMERCE

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*Magazine*

***Coming: European Steel***

***Profits For Bookworms***

***Higher Interest Rates***

***A President Confesses!***

***Got The Barometer Blues?***

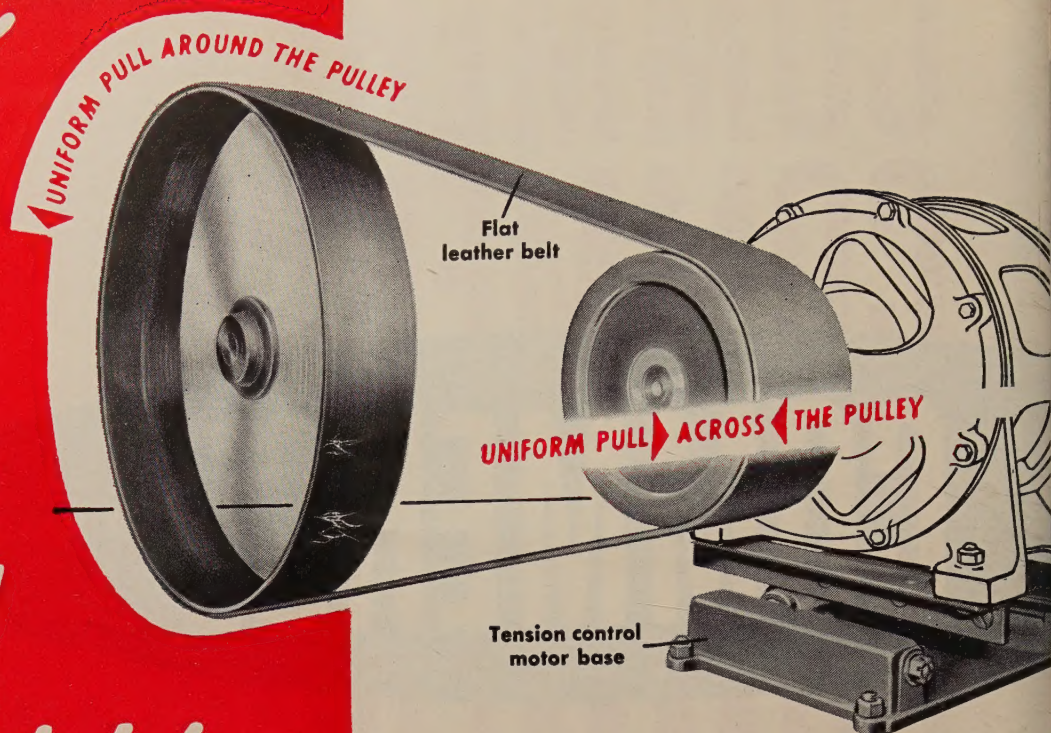
***Let's Kill This Business!***

***July, 1953 • 35c***



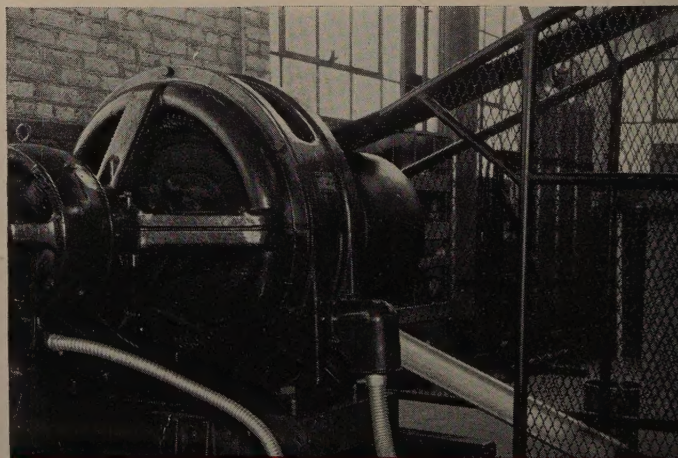
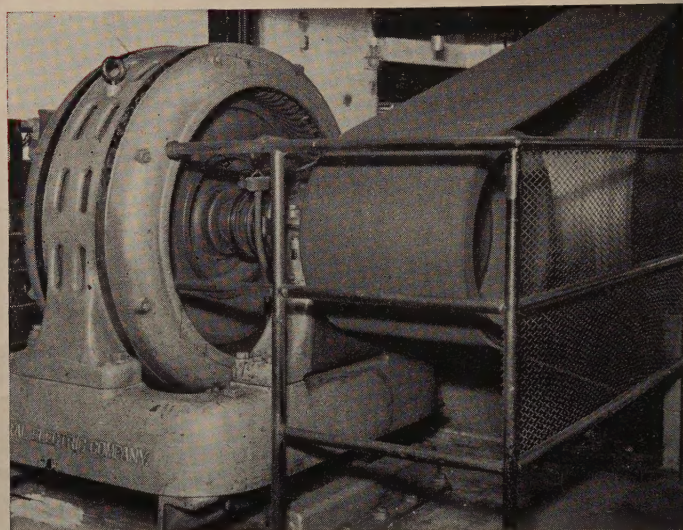
# Trouble Free

# Chicago Belting Drives . . .



## Why Are Chicago Belts "Trouble Free"

1. There's NO slipping — Chicago belts are built scientifically with excess stretch removed — leaving only the necessary shock-absorbing stretch left in the belt.
2. There's NO undue stresses on motor pulleys and bearings — because the Tension Control Motor Base keeps proper tension at all times. There's only one even strong tension across the pulley faces.
3. There's NO uneven multiple pulls to contend with — there's no part of the belt that rides free and rubs — just one belt, one uniform pull ACROSS the pulleys and AROUND the pulleys as illustrated.
4. There's NO undue wear on moving parts. The transfer of power from motor to machine is accomplished easily and efficiently eliminating frequent "shut-downs."
5. There's NO early replacements — because all CHICAGO BELTS are designed with "extra years" of wear built right into each belt. They will OUTLAST and OUTWEAR non-leather belts by test. Our records show belts thirty years old still doing the job efficiently.



## Enjoy Years of "Trouble Free" Operation!

### CHICAGO BELTING COMPANY

MANUFACTURERS OF LEATHER BELTING AND LEATHER PACKINGS

GREEN & WASHINGTON STREETS, CHICAGO

Since 1889 — a complete belting service for power transmission drives. Phone MOonroe 6-5050 tod



**COOLS!**



Exclusive twin evaporators have the cooling power of 15 refrigerators . . . for less than the price of one! Fedders circulates the air . . . ventilates the room . . . with never a draft!

**CLEANS THE AIR!**



Exclusive Twin Filters help protect your lungs by catching dust, dirt, soot, pollen. Help relieve miseries of hay fever, asthma. Keeps rooms cleaner. Cut dry cleaning bills!

**DEHUMIDIFIES!**



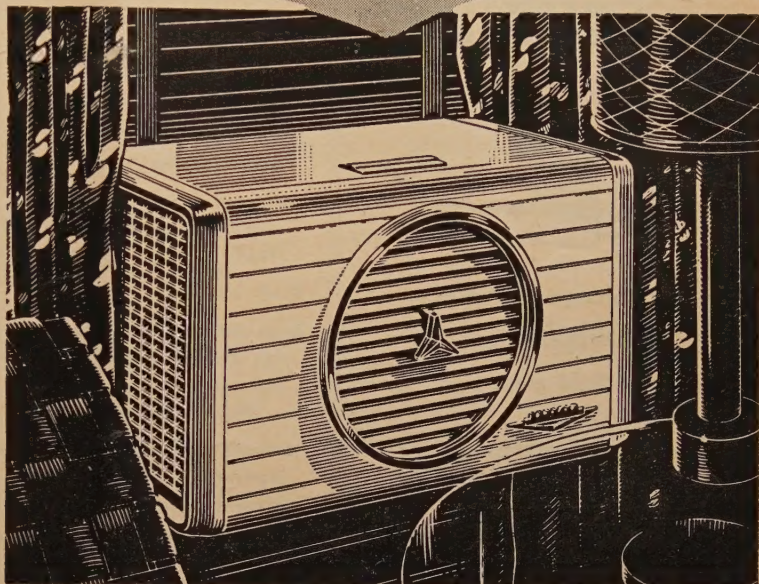
No more muggy days or soggy nights trying to sleep on a damp pillow! Fedders removes up to 30 qts. of moisture from the air every day, keeps it healthfully dry.

**EASILY INSTALLED!**



No building alterations . . . no pipes or ducts needed. Fedders fits in any window. Finished in attractive breeze green or ivory to blend smartly with any room decor.

# It's **Englewood** for **FEDDERS** ROOM AIR CONDITIONER



with the new **Built-in Weather Bureau!**



Now, the touch of a button gives you the cool, clean climate you want! Fedders Built-in Weather Bureau—the ultimate in simple, flexible controls—is the greatest new advance in room air conditioning. Select the exact degree of coolness you want. Like to ventilate the room?resto . . . Fedders does it! Throw hot, muggy weather out for good. Live cool, sleep cool, work cool . . . with the new Fedders Room Air Conditioner in your office or home!



**Exclusive new built-in Weather Bureau!**

Just push a button for the weather you want! Ultimate in simple, flexible controls. Greatest new advance in room air conditioning.

See it . . . try it . . . today.

**WHOLESALE DISTRIBUTORS**



EXCELLENCE IN ELECTRICAL PRODUCTS

**Englewood ELECTRICAL SUPPLY CO.**

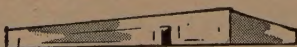
**4 COMPLETE STOCKS TO DRAW FROM**



**CHICAGO**  
5801 S. HALSTED ST.  
ENGLEWOOD 4-7500



**ROCKFORD**  
124 N. FIRST ST.  
DIAL 3-5441



**SOUTH BEND**  
325 N. LAFAYETTE BLVD.  
DIAL 3-8233



**GARY**  
4172 BROADWAY  
DIAL 4-9441



# FOR MEN ONLY

## United Air Lines

# "THE NEW YORK EXECUTIVE"



Leave Chicago at 5 p.m.—

Arrive New York

at 8:55 p.m.

Club-like surroundings keynote this special DC-6 Mainliner flight. Smoke pipe or cigar, if you wish, and relax in a deep, soft Mainliner seat, or find congenial company in the lounge at the rear. Closing market quotations are available, as well as Chicago and New York newspapers and favorite business magazines.

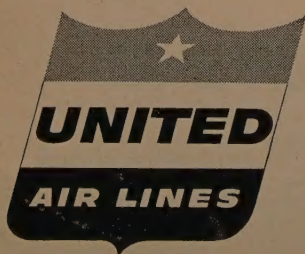


A full-course steak dinner prepared by experienced Continental chefs, table-served by the two stewardesses aboard.



Special services include message service as you leave the city. And if you'd like to do some work on board, your stewardess will arrange a table for you.

**Note:** "The New York Executive" is in addition to the regular 5:05 p.m. non-stop. Eleven other "round the clock" nonstops daily between Chicago and New York.



statistics of...

## Chicago Business

	May, 1953	April, 1953	May, 1952
Building permits.....	990	996	768
Cost.....	\$ 19,206,300	\$ 24,074,700	\$ 16,518,800
Contracts awarded on building projects, Cook Co. ....	1,675	2,381	1,703
Cost.....	\$ 50,705,000	\$ 73,123,000	\$ 47,416,000
(F. W. Dodge Corp.)			
Real estate transfers.....	7,471	7,118	6,652
Consideration.....	\$ 4,564,166	\$ 4,740,501	\$ 5,272,903
Department store sales index.....	109.0	99.1	104.0
(Federal Reserve Board)			
(Daily average 1947-49 = 100)			
Bank clearings.....	\$ 4,097,286,229	\$ 4,113,771,495	\$ 3,797,122,029
Bank debits to individual accounts:			
7th Federal Reserve District.....	\$22,748,000,000	\$22,834,000,000	\$20,105,000,000
Chicago only.....	\$11,407,200,000	\$11,567,449,000	\$10,339,502,000
(Federal Reserve Board)			
Midwest Stock Exchange transactions:			
Number of shares traded.....	1,116,924	1,419,194	1,078,701
Market value of shares traded.....	\$ 35,663,607	\$ 44,486,140	\$ 31,568,829
Railway express shipments, Chicago area.....	1,004,192	1,066,400	985,306
Air express shipments, Chicago area.....	61,068	63,126	53,704
L.C.L. merchandise cars.....	18,834	19,739	19,519
Electric power production, kwh.....	1,293,979,000	1,333,755,000	1,177,300,000
Industrial gas sales, therms.....	14,627,453	15,451,621	13,502,572
Revenue passengers carried by Chicago Transit Authority lines:			
Surface division.....	49,334,681	49,389,284	52,820,843
Rapid transit division.....	11,576,640	11,844,041	12,947,399
Postal receipts.....	\$ 10,907,434	\$ 11,367,010	\$ 10,606,312
Air passengers			
Arrivals.....	295,057	277,369	226,678
Departures.....	303,786	280,627	230,308
Consumers' Price Index (1947-49 = 100).....	114.6	114.2	114.3
Receipts of salable livestock.....	360,212	414,884	373,235
Families on relief rolls:			
Cook County.....	17,032	17,335	19,875
Other Illinois counties.....	11,715	12,431	12,472

\*Preliminary figure.

## August, 1953, Tax Calendar

Date Due	Tax	Returnable to
1	Franchise Tax becomes delinquent and penalties of 1% per month begin to accrue	Secretary of State
15	If total O.A.B. taxes (employer and employee) plus income tax withheld in previous month exceeds \$100, pay amount to	Authorized Depositor
15	Illinois Retailers' Occupation Tax return and payment for month of July	Director of Revenue (Illinois)
31	Federal Excise Tax return and payment due for July, 1953	Director of Internal Revenue



# COMMERCE

## Magazine

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July, 1953

Volume 50

Number 6

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Man Sturdy, Editor • Gordon Rice, Advertising Manager • Lewis A. Riley, Associate Editor

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in this  
issue...

To many businessmen, a library is a haven for scholars and bookworms, and a long way from the workaday business of earning profits. But libraries, these folks should be told, are one of the more important business assets a city can have. Chicago, fortunately, is unsurpassed in library resources. Betty Savesky reports (p. 13) that there is hardly a business inquiry that some Chicago library can't answer. One can even spot a stock market flurry with nary a ticker in sight!

• • •

A good many COMMERCE readers undoubtedly have aspirations of becoming a company president (not to mention those hundreds who have already attained that lofty height), and for these "coming men" International Harvester President John L. McCaffrey discloses (p. 15) the secret of just what company presidents worry about the most. Better learn right now, if you're going to occupy the throne seat someday!

• • •

The current Congress is conducting probably the biggest drive in history to get the government out of business. As most people know, Uncle Sam is by far the world's biggest businessman, and getting him to relinquish even a part of his sprawling domain may be a lot easier said than done. That's the report of Washington Correspondent R. M. Winters.

• • •

"ECSC," a relative newcomer in the alphabetical world stands for the European Coal and Steel Community, an ambitious undertaking by which Europe's major steelmaking nations are tearing away age-old trade barriers in an effort to challenge world steel markets — cooperatively. Correspondent Jack Robins in a progress report on the coal and steel plan (p. 18) notes that the "community" is already being spoken of as a threat to U. S. steel in international trade.

• • •

A discussion of the trend toward higher interest rates begins on page 20, and on page 21 Dr. W. Schweisheimer examines the good — and ill — effects of weather on all of us.



*“National security  
is impossible  
without financial security  
of individual citizens . . .”*

**FRED MAYTAG**

The Maytag Company



*“Ingenious research and the ability to produce . . . which have helped to make the United States the world’s greatest nation . . . could not have been realized without the savings of millions of thrifty persons. Savings of individuals financed new inventions, developed others. The Payroll Savings Plan for purchasing Savings Bonds regularly provides an easier way for American workers to save for future spending or investment, for their own security, and for their nation’s security. Our experience at the Maytag Company has shown us that a successful Payroll Savings program can be the foundation and the cornerstone of happy employee relations.”*

Let’s point up Mr. Maytag’s concise summary of the Payroll Savings Plan with a few very recent figures:

- at the close of February, 1953, the *cash value* of Series E Bonds held by *individuals* reached a new high: \$35.5 billion. This is \$1 billion more than the value of the Bonds held on May 1, 1951, when E Bonds began to mature.
- to this encouraging reservoir of future purchasing power, 8,000,000 Payroll Savers are adding \$160,000,-000 per month by their consistent investment in U.S. Savings Bonds.
- unit sales of E Bonds in 1952 reached the highest level of the past six years—more than 77 million individual pieces. Of the 77 million units, 67 million were

in the \$25 and \$50 denominations—the bonds bought chiefly by Payroll Savers.

- Payroll Savers are serious savers—of the approximately \$6 billion Series E Bonds which had become due up to the end of March, \$4.5 billion, or 75%, were retained by their owners beyond maturity.

If you are not among the 45,000 companies that make the benefits of the Payroll Savings Plan available to their employees . . . or if you do have a Plan and your employee participation is less than 50%, a telegram or letter to Savings Bond Division, U.S. Treasury Department, Washington Building, Washington, D. C., will bring you all the information and assistance needed to build a *good* Payroll Savings Plan.

*The United States Government does not pay for this advertisement. It is donated by this publication in cooperation with the Advertising Council and the Magazine Publishers of America.*





# The Editor's Page

## **More, Or Less, Government Power?**

A large amount of additional water is now available for hydroelectric development at Niagara Falls as a result of a change in an American-Canadian treaty. The needed development will cost close to \$400,000,000. Congress must decide whether it shall be conducted by regulated, taxpaying, private enterprise — or on a socialized, tax-subsidized basis by the government.

A spokesman for five major electric companies recently appeared before a joint hearing of the Senate and House Public Works Committee and presented the case for private enterprise. Here is a summary of his principle points:

1. The Niagara project is not a multiple-purpose project involving reclamation or flood control. It is solely a power project.
2. The five-company group is "ready, willing and able" to undertake the program. The scenic beauty of the Falls is to be preserved.
3. Construction by five companies would not involve the use of any public funds. It would yield upwards of \$23,000,000 a year in new taxes — in addition to the \$170,000,000 in taxes the companies now pay to local, state and federal governments.
4. The investor-owned companies would not make a profit on the water itself. They would earn a return only on their investment in physical facilities.
5. Government power development at Niagara is "wholly unjustified."

A tax-saving bill to authorize the five utilities to go ahead at Niagara is now before Congress. Its passage would be a logical corollary of the Eisenhower administration's program to get the government out of business.

## **Mission For An Able Chicagoan**

A Chicago businessman stood on a podium in New York last fall and told an audience of delegates from the United States and Latin America at a hemispheric conference:

"Here in this young, virile, forward-looking hemisphere we have a tremendous opportunity to build the strongest economy in the world.

"It is time we recognized that opportunity!"

The speaker, James S. Kemper, chairman of Lumbermens Mutual Casualty Company and head of the other companies that form the Kemper insurance group, one of the largest casualty and fire insurance organizations in the world, has just been named the new U. S. ambassador to Brazil.

His appointment comes as no surprise. Mr. Kemper not only is regarded as one of the nation's outstanding business figures, but also is recognized as a champion of improved hemispheric relations. He is one of the founders of the Inter-American Council of Com-

merce and Production, an organization of business and industry of the 22 American nations with headquarters in Montevideo, Uruguay. He served for three years as president of the council, and from 1941 to 1947 he was chairman of the U. S. Inter-American Council.

For his services toward bettering relations among the American nations, he has been decorated by the governments of Brazil and Ecuador. He was also the second man to receive the Thomas F. Cunningham award for "outstanding service in the cause of inter-American relations."

Mr. Kemper is taking his new post at a time when Brazil is sharply reducing its imports from the United States and has a drive on to increase its sales in this market. In the first five months of this year Brazilian purchases from the United States were cut by 67 per cent. With his long and successful background in American business, Ambassador Kemper is admirably qualified to contribute to Brazil's understandable effort to balance its dollar trade but at a high rather than a low level. Dollar gaps can always be closed by restrictive measures against imports. International amity and economic progress are served by building, not curbing, world trade, however.

In selecting a business man of Mr. Kemper's stature President Eisenhower has made an excellent choice for a difficult assignment.

## **Welcome Change**

The Federal Trade Commission, which has long been criticized as a source of harassment rather than help to business in complying with the fair trade laws, is due for a change.

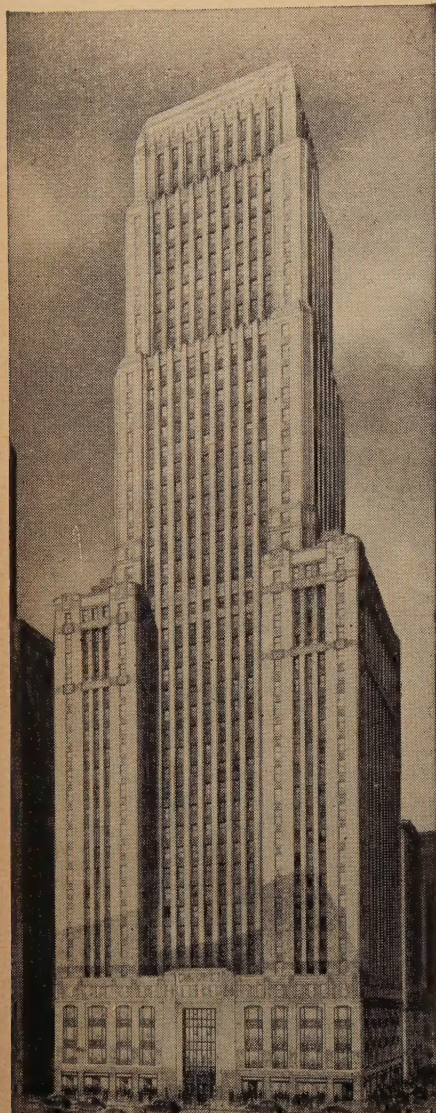
The commission's new chairman, Edward F. Howrey, has outlined his ideas for the agency in a recent address. Its objective will be "compliance not punishment." As a means of achieving this end Howrey contemplates establishing a "bureau of consultation" within the commission which will help business men determine in advance what is "fair" and "unfair" competition. There has always been a great deal of vagueness about these terms themselves, and about their relationship to the antitrust laws. The result has been uncertainty for business and a great many lawsuits by the commission in which it has frequently not been upheld by the courts after expensive and long drawn out litigation.

Mr. Howrey would also like to employ management engineers to work out means to simplify the commission's procedure and "to eliminate excess paper work."

Business will welcome the implementation of these attitudes by the commission with hearty relief. And the sooner the better.

*Alan Sturdy*





## One La Salle Street

Here, at the center of Chicago's financial, life insurance, legal, and commercial activities, skill and expert scientific planning have created a modern business setting of outstanding distinction. The many prominent tenants of this great building appreciate not only this factor of central location, but also the high standards of service maintained for their comfort and convenience, making One La Salle Street an address of prestige. For all who seek downtown office space, the special advantages afforded at One La Salle Street are worthy of first consideration.

**L. J. Sheridan & Co.**  
**Management Agent**

One La Salle St., Chicago - ANdover 3-7457

## Here...There... and Everywhere

• **Workers Buy Stock** — More than 23,000 employees of the Westinghouse Electric Corporation are now buying the company's common stock through the firm's payroll deduction plan, the greatest number ever to participate at one time in the program. The stock-buying employees, representing about one out of every five Westinghouse workers, have authorized payroll deductions of \$4,771,027 over the current six-month period for stock purchases — also a new record.

• **3-D Advertising!** — Three-dimensional color advertising and a three-dimensional color display are being used by United States Rubber Company to show its plastic upholstery line in full depth and in a modern room setting. The unique 3-D ad scheme involves the use of a pocket mirror with a four-color insert in trade publications.

• **Sound Idea** — Sound waves, the newest form of industrial detergent, are being used at Minneapolis-Honeywell's aeronautical division to wash delicate bearings used in the firm's high precision gyroscopes. High-intensity sound waves are passed through a beaker containing the bearings and a special fluid. The gyros, for latest jets and bombers, are so sensitive that a speck of dust could ruin the costly instrument.

• **Microwave Switcher** — The world's first use of microwave transmission for the operation of railroad switches, signals and interlockings will be on the 90-mile railway now under construction to haul iron ore from United States Steel Company's new Cerro Bolivar mine in Venezuela to the harbor of Puerto Ordaz. Union Switch and Signal, which developed the electronic equipment in cooperation with the Radio Corporation of America, says the microwave equipment is expected to be in operation

when the railroad is completed this fall.

• **Advertising Lore** — The oldest commercial advertising match book known to be in existence, dating back to the year 1898, has been discovered by The Travelers Insurance Company of Hartford, Conn. The insurance company used the front cover of the match book to disseminate figures on Travelers' fiscal status as of July 1, 1898 — which at the time included assets of \$24 million and life insurance in force at \$95 million.

• **Freight Record** — All transcontinental freight records were broken last month, says the Santa Fe Railway, when its first train of expedited perishables arrived in Chicago just 62 hours after leaving California. The arrival marked the beginning of train operations of the "62" — an expedited freight service provided shippers of perishables from Bakersfield and San Bernardino, Calif., to Chicago. The new service provides for a movement of a minimum of 15 cars of fresh fruits or vegetables and a maximum of 29.

• **Student Aid** — Midwest industry is making it increasingly easy — at least financially — for high school graduates to obtain college educations. Illinois Institute of Technology notes that during the past academic year some 441 students, or nearly a quarter of the school's full-time enrollment, obtained financial help in the form of a scholarship of some kind. The scholarships' total monetary value was \$264,000.

• **Business-Minded?** — Are girls more interested in the precepts of free enterprise than are boys? Perhaps so, thinks the Schaeffer Pen Company which has found in a na-

(Continued on page 39)





**AMERICA'S NEW RAILROAD**

*A 50-yard dash with a potato on a spoon! An exciting bit of Americana—but it's not the*

# World's Greatest Potato Race

*That's the 2200-mile dash on the Santa Fe  
with 1,350,000,000 potatoes*

Somebody east said, "Pass the potatoes!"

Out in California, the fertile San Joaquin Valley heard them. And look what happened.

Santa Fe started moving 14,000 to 15,000 carloads of potatoes to hungry markets all over the Mid-

west and East. 36,000 to 40,000 pounds to a carload. As high as 550 carloads per day at peak of harvest. That's more than 1,350,000,000 potatoes. And that's a lot of spuds.

Bag 'em. Load 'em. Roll 'em. And hustle. Somebody east said, "Pass the potatoes!"

## MARKETS ARE PERISHABLE, TOO

From America's largest fleet of refrigerator cars owned by an individual railroad, these yellow Santa Fe "reefers" are dispatched to the "Potato Capital of the West."

There the cars are cleaned... checked... loaded... switched. And iced fast (a car a minute, if you please). These potatoes can't wait!

In servicing the cars as they speed

east, new icing docks at Bakersfield and Needles, Calif., Belen, N. Mex., Waynoke, Okla., and Kansas City work the clock around. Electronically-controlled "hump" yards speed the switching.

## SANTA FE PRECISION—SANTA FE SPEED

On-time delivery calls for full-time precision to keep these schedules "on the advertised."

After the potatoes come the wheat... citrus fruits... grapes... melons... and green vegetables all year long—flooding east from Santa Fe country to you. Everything from avocados to zucchini.

It costs Santa Fe millions of dollars to serve you so—and provide you with Super Chiefs, too! But we're proud to say they are earned dollars. Not one penny comes from the taxes you pay.

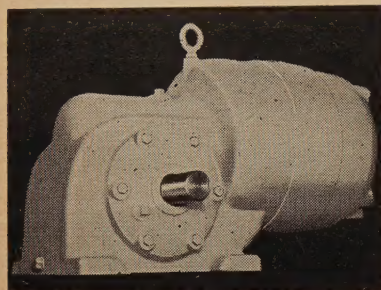
**SANTA FE SYSTEM LINES**



**PROGRESS THAT PAYS ITS OWN WAY**



## POWER-full ELECTRA GEAR MOTORS

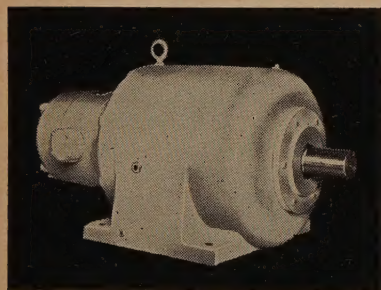


### RIGHT ANGLE TYPE

Worm Gear Type. 1/4 H.P. to 3 H.P. Speeds from 4 R.P.M. to 288 R.P.M.

### HIGH TENSILE-HEAVY DUTY HEAT TREATED ALUMINUM ALLOY HOUSINGS

**For Greater Strength**



### PARALLEL SHAFT TYPE

**For Greater Efficiency**

Extra slow speeds to one R.P.M. or lower.

**Large Chicago Stock**

## SCHRADE-BATTERSON CO.

804 W. Washington Blvd. Chicago

CHesapeake 3-9400

*Exclusive Representatives*

**30 Years — Service at Its Best**

## Trends . . . in Finance and Business



• **Pension Plan Boom**— Pension trust and profit-sharing plans are being put into effect in record numbers, reports Commerce Clearing House of Chicago. During the first three months of this year, the Bureau of Internal Revenue "qualified" new plans for 1,346 employers, compared with 898 approved plans in the similar period last year. "Qualified" plans are those which comply with the bureau's complex regulations and thereby gain income tax exemption and a deduction status for employers' payments to finance the plans.

Commerce Clearing House, which is currently preparing a new Pension Plan Guide, further notes that employer and employee contributions to pension and profit-sharing funds are now running in excess of \$2 billion a year. It also finds a new, though as yet isolated, trend in pension plans. A few recently inaugurated plans provide pension benefits that will fluctuate with the cost of living. They are, so far, used only as supplements to more conventional plans and are thus still in the experimental stage.

One significance of the record pension plan volume, the Chicago tax reporting agency believes, is that its effect on the stock market will be "strongly stabilizing and probably somewhat inflationary." Since pension funds are invested only in high-grade common stocks if they are invested in stocks at all, CCH believes the prices of the "blue chips" are likely to continue in a long-term rise.

• **GI Home Loans**— A major expansion in home lending for veterans — in decided contrast to recent mortgage money trends — is being mapped by the nation's savings and loan associations. So reports the United States Savings and Loan League which says that estimated GI lending

by savings associations during the second half of this year will be nearly twice that of the same 1952 period.

Reporting on the findings of a nationwide telegraphic survey of more than 200 associations in every part of the country, the league makes these forecasts:

(1) The rate of GI home lending, on a national average, will run at the rate of more than \$100 million a month for the second half of 1953, compared with \$58 million monthly for the second half of 1952. (2) The most noticeable expansion in GI lending by savings associations will take place in the east, the southeast, the southwest, and the midwest, with a slower pace of increase in west coast states. (3) In general, the most rapid revival in GI lending will occur among the larger, big city institutions. (4) A substantial number of institutions which were out of the GI program entirely last year are planning to return. (5) More than 80 per cent of all savings associations are planning to make GI loans in coming months, although the volume will vary percentage-wise from institution to institution.

The league's executive vice president, Norman Strunk, believes this "greatly encouraging" response reflects the results of a campaign now being conducted by the league to encourage greater participation in the GI program by the trade organization's more than 4,000 member savings institutions.

• **Steel Earnings Off**— The net income of 52 iron and steel companies, representing nearly 93 per cent of total steel ingot production, fell more than 22 per cent in 1952 from the previous year, although revenues dropped less than half that much, or 9.7 per cent. The American Iron

(Continued on page 31)



Red Crown's Summer Formula is

# DESERT PROVED!



Standard's engineers put hundreds of blends of gasoline through a series of blistering tests on the Mojave Desert. Only then was the best-performing hot weather blend selected to be the 1953 *summer-grade* RED CROWN. Here's new assurance that now you'll get smoother summer power and freedom from that irritating hot-weather stalling known as "vapor lock" in your summer driving.



ON THE MOJAVE DESERT—ONE OF THE COUNTRY'S HOTTEST SPOTS—SCENE OF STANDARD'S SUMMER GAS TESTS.

Summer RED CROWN is proved in torrid desert heat to be sure you get smoother performance for all your summer driving. At regular price you save with the premium volatility you need for smooth-flowing power, quick response in traffic with best possible mileage. A gasoline can be different. Try it and see!

## Red Crown KING-SIZE GAS BUY!









# A Vital Business Asset: Libraries!

By **BETTY SAVESKY**

***Chances are not one business man in a thousand really  
knows how excellent libraries can help him every day!***

CHICAGOANS — and particularly Chicago businessmen — can pose more questions than the toughest quiz master on television. If you doubt it, ask the staffs of the city's three public libraries — the Chicago Public Library, the John Crerar Library and the Newberry Library — who spend uncounted hours answering daily inquiries which pay off handsomely, in this case for the questioners, in time and money saved and information gained.

Examples: An advertising company recently needed complete information on the insulation industry to mail down a new account. A food packer needed technical data on the discoloration of canned vegetables. A whiskey distiller, desiring a new tradename, was looking for the name of an "old Virginia family." In each case the information was supplied by a Chicago library.

There's no telling what strange questions may pop up. A department store recently asked the Chicago Public Library, "What is the weather in Sumatra between February and October?" Promptly supplied, the answer enabled the store to sell a woman's wardrobe with absolute assurance the customer would

be fittingly attired on the East Indian island.

From the standpoint of utilitarianism, Chicago's library facilities are unsurpassed in the United States. This is due in part to a unique plan of cooperation under which the three libraries have divided their fields of interest to avoid unnecessary overlapping. Thus, the city is afforded more complete and more specialized collections than would otherwise be possible.

## ***Cover Many Fields***

Largest of the three, the city's public library contains literature of a broader and more general interest to business, while its two companion libraries concentrate on specialized collections of outstanding calibre. Chicago Public's vast accumulation of business publications and reference services covers everything from finance to labor relations and from office procedures to manufacturing directories.

Crerar, the world's largest library devoted exclusively to science, technology and medicine, contains comprehensive and rare collections that draw researchers from the country over. Newberry concentrates in the field of humanities, so that many of its prized collections are of primary

interest to scholars. However, its extensive works on printing, early Americana and history are constant source material for many businesses.

How important are these institutions to Chicago's business community? One authority, Crerar Librarian Herman H. Henkle, believes that well organized research information is as essential to a city's industry as are raw materials, power, labor and transportation facilities. And, he adds, Chicago's exceptional research resources have been a factor in attracting more and more industrial laboratories to the area.

Support for this statement comes from Research Director F. N. Peters of the Quaker Oats Company, who points out that Crerar was an important consideration in his company's decision to locate a research laboratory in Chicago instead of near one of its mills. "A research laboratory," says Dr. Peters, "is seriously handicapped if it does not have ready access to a well-equipped research library."

Today, more than a hundred companies make annual contributions to Crerar. Another major industrial group, the Chicago Chemical Library Foundation raised \$50,000 to help Crerar build its comprehensive collection of chemical literature and each year underwrites an additional

Chicago's Public Library can tell you the weather in Sumatra, 1929 stock prices or translate ancient French — in fact, it has for business concerns!



\$4,000 for the purchase of foreign chemical journals. It can even be argued that the city's library resources have played an important role in making Chicago the nation's first city in industrial research, as noted by the National Research Council. More than 1,200 laboratories are now located in the metropolitan area.

### ***Business Saves Time***

While technical specialists depend heavily on Crerar, general business more often turns to Chicago Public and Newberry for help. Like the time when the Outdoor Advertising Association was planning a series of pamphlets involving the birthdates and birthstones of prominent people. Instead of long hours spent in searching through Who's Who and the like, they telephoned the public

library and in a matter of minutes had a book that provided the data in easy form.

On another occasion, when the same association wanted to learn if research studies it was planning on vision, legibility, remembrance, design and color would duplicate similar studies by others, it turned to the public library. In the general card catalog were publications on psychology, vision testing and allied subjects. In the art department were more publications on size, design, shape and color. The magazine indexes covered current studies in these fields, and finally the library's educational department helped locate universities and colleges already conducting similar research. All in all, it was a comprehensive job of library assistance.

Marshall Field and Company once asked the Chicago Public Library to

identify a line from a Moliere play to make possible the sale of an expensive art object bearing the quotation in French. Another Field customer who had only planned to acquire an old print became intrigued by a quotation it contained by an Eighteenth Century writer. Chicago Public turned up the writer's memoirs containing a letter with the exact quotation. This so delighted the customer that he wound up purchasing a sizeable art collection!

### ***Not Just Bookworms!***

Fields, which has even asked the public library, "How many days are required to hatch a "robin's egg?" was once commissioned to submit a decoration scheme for a new hotel in the Near East. Up came the library with a trunkload of books,

*(Continued on page 26)*



Chicago Public Library, largest of the city's three public institutions, offers a vast accumulation of business publications and reference works covering everything from finance and labor relations to office and manufacturing procedures



Crerar is the world's largest library devoted to science, technology and medicine exclusively



Newberry Library's collection on printing, Americana and history are used by many businesses



What really worries top company executives? Taxes? Finances? Politics? All wrong, says this well-known authority who tells the secret of . . .



# What Presidents Think About At Night!

By **JOHN L. McCAFFREY**

*These sprightly, but nonetheless thought-provoking, observations by the president of International Harvester Company were originally delivered before the ninth "graduating class" of the University of Chicago's executive training program on June 10, 1953. All of these part-time scholars also hold full-time jobs in business. The Editors.*

THIS discussion may be like a boxing match that goes 15 rounds to no decision, for I am going to talk about problems rather than answers. The mechanics of running a business are really not very complicated, when you get down to essentials. You have to make some stuff and sell it to somebody for more than it cost you. That's about all there is to it, except for a few million details.

One of the characters in a popular play summed up the fundamental problem of business pretty well. He said he'd been trying for two years to think of something that would

cost a dime, sell for a dollar — and be habit-forming.

So it isn't hard to run a business, from the standpoint of business operations. A president doesn't usually worry too much about the things that most people expect to bother him. For example, he seldom lies awake very long thinking about finances, or lawsuits, or sales or production or engineering or accounting problems. He is pretty well able to take care of those during regular business hours, except for unusual cases.

## *Sweat and Struggle!*

Furthermore, when he approaches such problems the president can bring to bear on them all the energy and trained judgments and past experience of his whole organization. There are other problems, however, that he has to sweat and struggle with, largely by himself. They are the problems he thinks about at night. They all arise out of one

simple fact, that can be summed up in one sentence:

The biggest trouble with industry is that it is full of human beings.

The longer you are a president, the more firmly that fact will be riveted in your mind. That is why you lose sleep, why your hair first turns gray, then gets thin, and then falls out altogether, unless you are lucky. While a drill press never sulks and a drop hammer never gets jealous of other drop hammers, the same cannot be said for people!

A turret lathe may run one part for 10 years without affecting its ability or its willingness to be switched at any time to another part. But men are not that way. They develop habits and likes and dislikes. With people you have the same general problems of preventive maintenance, premature obsolescence or complete operational failure that you have with machines. Only they are very much harder to solve.

Problems and techniques change

(Continued on page 44)



A turret lathe in one big plant the government will not give up, the Capital's Naval Gun Factory

For a century and a half government has been invading private industry; can we now turn the tide?

## CAN THEY PUT THE WORLD'S BIGGEST BUSINESS — OUT OF BUSINESS?

**By R. M. WINTERS**

**T**HE greatest back-to-private enterprise movement in U. S. history is quietly taking shape these days in Washington. With it, the gradual accumulation by the federal government of production facilities that directly compete with private industry is being sharply reversed.

Contrary to popular belief, the government's invasion of private industry really began a century and a half ago. But the greatest penetration, of course, occurred in New Deal days and during World War II when the government of more or less necessity went into one business after another.

Today, the government's industrial enterprises are truly staggering. By far the world's biggest business, it owns, among other things, some 28 synthetic rubber factories, scores

of electric power plants and fertilizer factories, a tin smelter, two paint factories, a rum factory, a rope factory, several railroads, a fleet of ocean-going commercial ships, a fleet of river barges, and literally hundreds of warehouses.

### **\$25 Billion Business!**

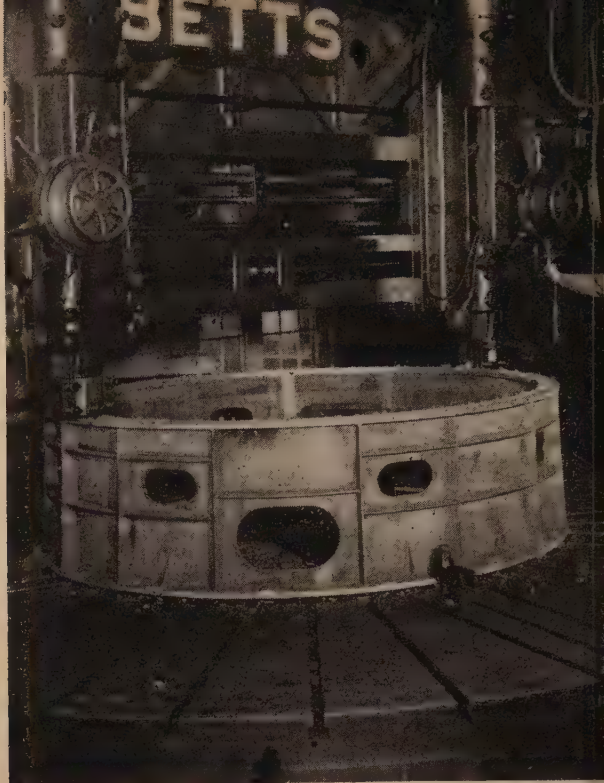
The list is incomplete for the simple reason that no one really knows just how much the government owns. It has, however, been estimated that the value of these far-flung enterprises approximates \$25-billion!

If all government facilities were dumped on the auction block, they would at one crack balance the federal budget, reduce taxes substantially, and prompt thousands of big and little businessmen to declare a

general holiday in celebration of the rebirth of free enterprise in America!

This, of course, is beyond the realm of possibility. In all too many cases, the shedding process will be so painful to government bureaucrats that real progress may take months. But an aroused Congress now appears determined to prune back, more or less drastically, the government's worldwide business empire. Already, the Eisenhower administration has made significant progress in the same direction.

As Senate Leader Bob Taft remarked in Chicago recently, "We are faced with an effort to put the federal government into the actual conduct of business, a process of direct socialism. . . . But certainly experience, as well as theory, leads to the conclusion that there is little free-



The government's synthetic rubber plants are now valued at \$550 million; some believe they could be sold to industry for \$300 million. Photos show operations . . .



dom, initiative or new ideas in an activity long conducted by government. Government operations should certainly be held to a minimum."

While some government plants are already being disposed of, Congress is nevertheless insisting on a thorough job. One of the first resolutions introduced in the current Congress, a proposal by Rep. Fred Coudert, Jr., of New York, would create a five-member committee to make a full and complete inquiry into the commercial activities and functions of the government. It would then recommend practical methods of transferring any or all such activities to private citizens, co-operatives, or corporations.

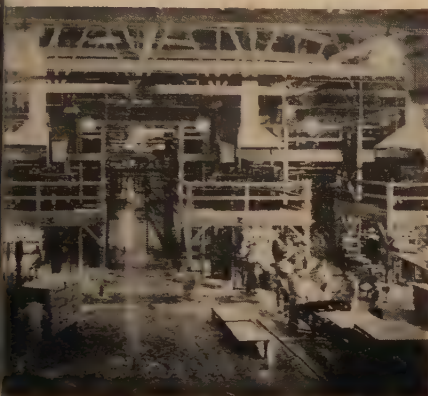
lightening example. RFC started as a legitimate depression agency charged with lending money to businesses denied private bank loans. But the super-lending agency kept its doors flung wide when business was booming. In World War II, RFC—by now looking for new worlds to conquer—strode into large-scale industrial operations. Few people objected, because only the government had the resources to build the scores of synthetic rubber and magnesium plants and other industrial establishments needed during the war.

The rubber plants cost the government over \$700 million. After several plants were disposed of and some transferred, RFC values the

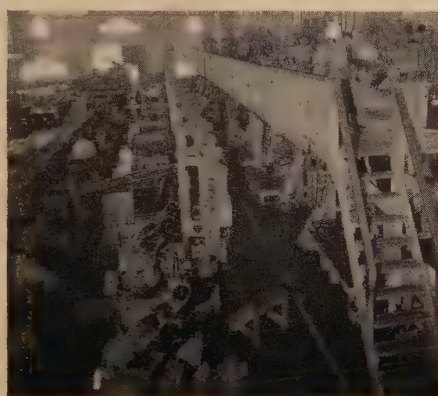
government should realize about \$300 million for its rubber-production facilities.

The fate of RFC itself was sealed at the White House last March. The main RFC operations are to be transferred to the Treasury for liquidation, but indications are that the Treasury will be authorized to make necessary defense loans to small business much like RFC did. Meanwhile, the rubber reserve program (RFC's part in rubber stockpiling) will be transferred to the Commerce Department. This, however, is something of a compromise designed to be palatable to RFC's friends in the Senate, who may stage a real battle against sacking the agency.

The government should have little



... in typical plants. (left) Huge coagulating tanks for making latex and (above) a battery of hydraulic presses receives rubber from dryers.



A rocket launcher assembly line in fullscale production at the ultra-modern Washington, D. C., Naval Gun Factory, not far from Capitol Hill



This government-in-business project went sour! Government-built homes in Georgia were condemned before being occupied. They were built in a swamp!

Another resolution introduced by Rep. Fred Busbey of Illinois envisioned a "commission to study government competition with private tax-paying enterprise," adding that it should be the intent of Congress to "curtail or abolish those business activities engaged in by the federal government for which ample facilities are available by private tax-paying enterprise." Busbey figures the federal payroll could thereby be cut by hundreds of millions annually.

Traditionally, the principal excuse for the government getting into business in the first place has been an emergency, either in war or peace. But, once into a business, the government is in the unfortunate habit of staying in it—indefinitely.

The history of the Reconstruction Finance Corporation provides an en-

facilities at \$550 million. Under provisions of the Rubber Act of 1948, the president recommended to Congress last April that the plants be disposed of promptly. Although the present law authorizes the government to operate the plants until March, 1954, chances now are that they will be in private hands by then.

### *The Rubber Empire*

Says Rep. Paul Shafer of Michigan, who helped formulate legislation setting up the wartime rubber program, "Anyone who has faith in American industry will have no hesitation in agreeing that private industry will promote greater progress in the development of better synthetic rubber." And he adds that the

difficulty disposing of synthetic rubber plants, but it may be much harder to dispose of its barge lines. Southern congressmen like the subsidized service their constituents get and a battle is expected. With Congressional authorization, Commerce Secretary Weeks is taking steps to liquidate the Inland Waterways Corporation which has operated the barge lines since the 'twenties. Originally, the agency was set up by Congress to promote and develop water transportation on the Mississippi and Missouri rivers. It has since been operated along commercial lines, with its own executives, a traffic department and a terminal department. It receives no appropriations, but operates under a budget pro-

(Continued on page 30)



French coal miners leaving pits — they play a vital role in Europe's ambitious cooperative steel venture



## *European Steel: A Market Threat?*

**By JACK ROBINS**

Europe's ambitious coal and steel "community" has ripped away tariffs and other trade restrictions in a cooperative battle to hike export markets



**L**AST February 10, six European countries with a total population almost exactly equal to that of the United States, combined to create a common market for coal by wiping out tariff and other trade restrictions for this basic commodity. On May 1, the same plan of market pooling went into effect with respect to steel.

Since the first of this year, steel manufacturers in all six of the countries — France, West Germany, Holland, Belgium, Luxemburg, and Italy — have been paying a small tax to a new "super government" which their parliaments voluntarily set up to manage the marketing of coal and steel. The new "government," called the European Coal and Steel Community (ESCS), grew out of what was known as the "Schuman Plan," after the French Foreign Minister, Robert Schuman, who first advanced it.

As a political development, ESCS

"Sollac" — a new sheet and strip plant built cooperatively by nine French steel companies in Lorraine



utterly unique. Nothing like it has ever been done before. Because of this, there has been so much emphasis on the political aspect in articles about ESCS that its economic significance has been overshadowed. What's happening to steel under ESCS is economically important because the world market is undergoing a period of change in which production is overtaking supply. Michael J. Layton, head of the international relations department of the British Iron and Steel Foundation, summed it up recently in a speech to the American Iron and Steel Institute:

"In the United States new plants could soon make it possible to meet some demand and re-enter the export market in a more substantial way. In Europe, the same conditions are occurring. Capacity this year and next should be well ahead of requirements, and raw materials—while unable to keep full capacity going—will probably be more than sufficient. The market is becoming competitive again and prices, cartels, and other market arrangements are coming back into the picture."

Our own National Production Authority estimates are that world

steelmaking capacity increased 26 million net tons during 1952. Of this, the U. S. accounted for 8.9 million tons, and the 17 steel-producing countries of Western Europe for 5.2 million tons.

This expansion was symbolized not only by the vast new American plant north of Philadelphia on the Delaware River—its chimneys and surrounding communities a familiar sight to air travelers between New York and Washington—but by modern new mills like "Sollac," a sheet and strip plant built cooperatively by nine French steel companies in the Moselle Valley of Lorraine.

### **Seven Million Export Tons!**

Sollac is one of the plants operating under ESCS. The six countries of ESCS produced 46,027,000 short tons of steel in 1952; Western Europe as a whole produced 69,881,000. Expansion plans look toward the production of 84,500,000 tons in 1956, of which ESCS will produce 56,900,000.

Layton's estimate that Western Europe will have about seven million ingot tons to export in 1956, enough to meet about 80 per cent of

world export requirements, and approximately the same percentage as European suppliers met before the war, makes the European expansion worth examining by U. S. steel manufacturers and businessmen.

To understand what has happened as a result of ESCS, it is necessary to contract the conditions that once existed. Prior to February 10 for coal and May 1 for steel, there were six sovereign nations, each with its own tariff system, each with its own system of regulating the goods that came into and flowed out of the country. Each had its own corporate and sales tax systems, its own social security systems and limitations on the movement of foreign labor into the country.

Now the two basic products move within the common market without being subject to tariffs. They must be priced without regard to the nationality of the buyer, or other forms of discrimination. A French consumer buying steel from an Italian or German producer does not have to worry about obtaining the necessary currency; his government is pledged to make the financial transaction possible. Freight rates cannot be raised

*(Continued on page 43)*



Production scenes in cooperative European steel mills, which under European Coal and Steel Community plan hope to have about seven million ingot tons for export by '56

*Mutual Security Adm. Assn.*





Somewhat over two years ago the Federal Reserve System, which for two decades had maintained cheap money in this country, removed its arbitrary support of the money market and adopted a policy of letting supply and demand establish interest rates. The subsequent rise in the price of money has resulted in an increasingly sharp controversy, as both business and consumers have felt the broadening effects of steadily higher interest rates. The accompanying article, which first appeared in the monthly letter of the Guaranty Trust Company of New York, outlines the case for a free money market. It also answers several widespread misconceptions as to just who is benefiting from the advancing trend in interest rates. *COMMERCE* presents these observations to its readers as an unusually clear exposition of a complex subject which is of great significance to the economy collectively and to many businessmen individually. *The Editors.*

## The Facts About Interest Rates

**H**AVE twenty years of governmental controls caused Americans to forget the meaning of free markets?

The query seems pertinent in view of the controversy that has arisen over higher interest rates, especially the issue of  $3\frac{1}{4}$  per cent Treasury bonds. The outcry against "tight money" reveals a surprising number of basic misconceptions, even in

quarters where more understanding might be expected and is needed.

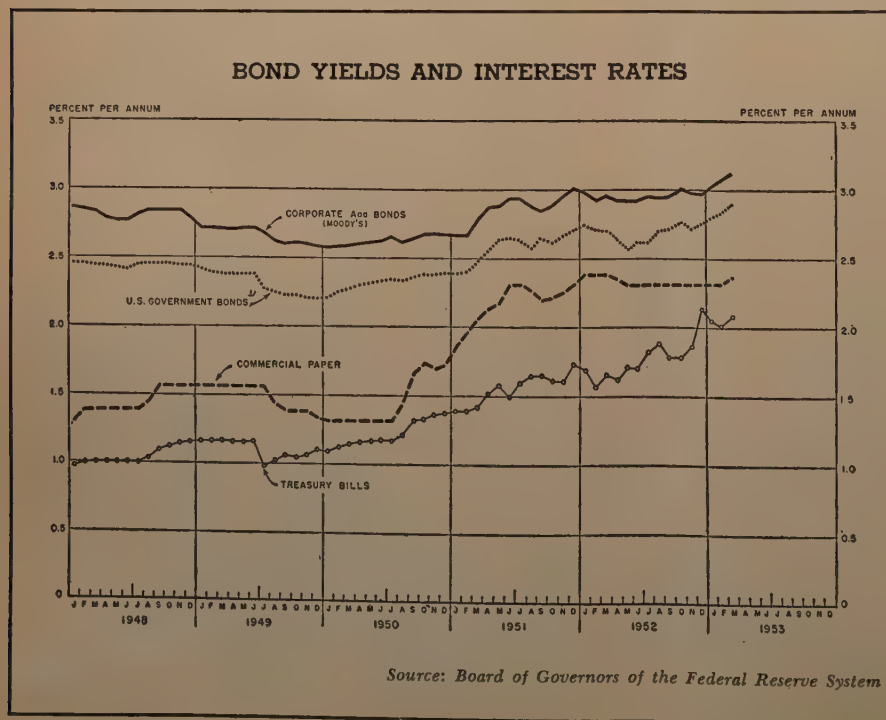
Perhaps the most pervasive of these misconceptions is that the Federal Treasury is responsible for the interest-rate level. In reality, Treasury domination of the money market ended more than two years ago. In March, 1951, the Treasury and the Federal Reserve System reached an accord whereby the Federal Re-

serve abandoned its wartime and early postwar policy of "pegging" prices of government securities and resumed its normal statutory function of regulating the credit supply "with a view to accommodating commerce and business and with regard to . . . the general credit situation of the country" (the language of the Federal Reserve Act).

As long as the Federal Reserve continued to support the government securities market, the Treasury remained free to borrow at such interest rates as it chose to pay, and the Federal Reserve was obliged to stand ready to purchase from owners all securities offered at prices corresponding to the predetermined rates. Such purchases increased bank reserves and thereby formed the basis for an expansion of the money supply.

### Supply and Demand

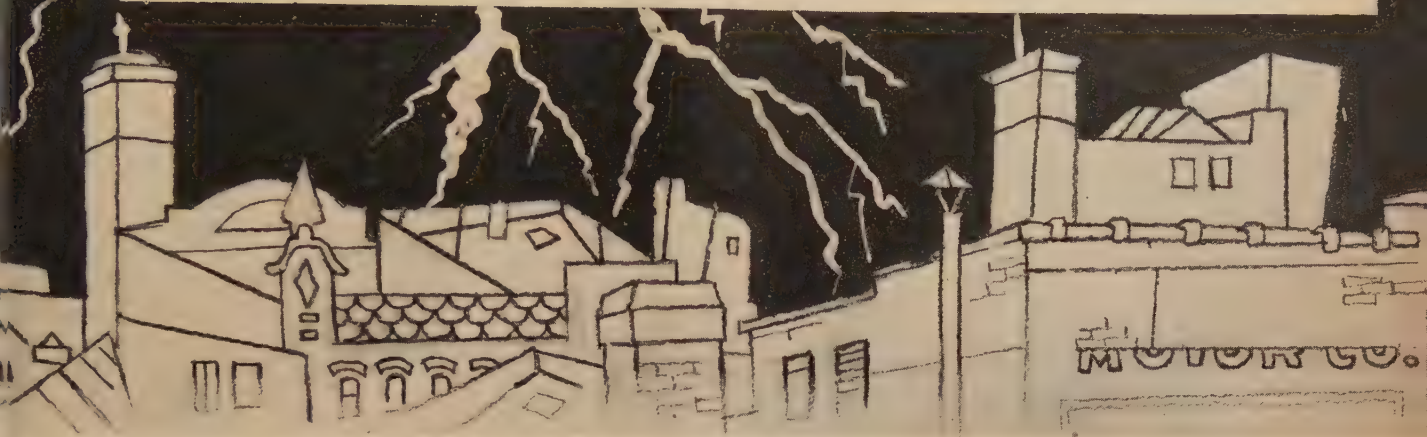
Any effective regulation of credit by the Federal Reserve under such conditions was obviously impossible. The supply of and demand for money can never be balanced at a fixed interest rate, any more than the supply of and demand for a commodity can be balanced at a fixed price. If the interest rate is set too



(Continued on page 22)



# WHY YOU GET THE BAROMETER BLUES!



*ON THOSE DAYS WHEN EVERYTHING GOES WRONG*

**By DR. W. SCHWEISHEIMER**

*THE WEATHER IS PLAYING TRICKS ON YOU!*

IT IS a fact, well known to all, that there are some days that might have been humanely left right off the calendar. On these black occasions you wake up hating the world, your shoe string snaps, your razor gashes your jaw, the eggs are

scorched, your wife needs more money, and a day at the office is a procession of headaches, arguments, and frustrations. Before considering drastic measures on such dire days, it is wise, science will tell you, to glance at the barometer or a re-

liable weather map. Here, indeed, may be the villain that has robbed you of your normally mild, tolerant and easy-going good nature!

A friend of mine, a successful banker, once suffered a violent nervous attack during a bitter argument over an exceedingly trifling matter. At length he calmed his ruffled nerves with the help of tablets, but what really caused his trouble? A thunderstorm was in the making and the banker, a usually mild-mannered man, was thrown in a state of nervous anxiety by nothing more complicated than a falling barometer!

## *A Cloudy Villian*

Although all of us are more or less influenced by weather, the odd thing is that the same weather conditions affect different people in different ways. They may stimulate and excite the sensitive nerves of one person, while relaxing those of another or depressing the spirits of still others. The composer Cherubini once remarked to a visitor, "You see that black cloud coming up? When it passes over, I will be in agony!" And that is precisely what happened.

People, of course, could get along with each other much better if they

*(Continued on page 41)*





## The Facts About Interest Rates

(Continued from page 20)

low, demand will increase, and the only way to keep the rate low is through a continuous and unlimited expansion of the money supply. That is inflation.

Today, by contrast, the first rule of Treasury policy is, as W. Randolph Burgess, deputy to the secretary, recently expressed it, "that the Federal Reserve System shall be free to exercise its policy without interference. This means, of course, that the Treasury must sell its securities in the market, at the going rate of interest, and not at an artificial rate supported by the Federal Reserve System."

### Follow Policy

In offering the  $3\frac{1}{4}$  per cent bonds, the Treasury was conforming to this requirement. At the same time, it was carrying out the second rule of its policy, which is — again in Mr. Burgess' words — "that more Government securities must be sold to nonbank investors." This need has long been recognized, but little progress has been made toward meeting it.

The sale of short-term, low-interest securities to the banking system is the most inflationary way of mismanaging the debt. Hence the fund-

ing of such obligations into long-term securities attractive to nonbank investors is a highly desirable objective, although it is one that cannot be attained quickly because of the sheer magnitude of the task. Of the \$140 billion of marketable Federal debt now outstanding, 40 per cent is due within one year and an additional 16 per cent within two years. The preponderance of short-term debt is so great that about \$12.5 billion would have to be funded into securities of a maturity beyond five years during each of the next five years simply to avoid adding to the amount of debt due within one year. If progress toward reduction of the floating debt is to be made, a larger or longer funding program will be needed. The  $3\frac{1}{4}$  per cent bond issue was merely one short step in this direction.

*The fact that the initiative in money-market policy has passed from the Treasury to the Federal Reserve System does not mean that the latter has raised interest rates.* The Federal Reserve exercises no direct control over rates, nor does it attempt to fix any pattern of prices or yields on securities. Interest rates are determined by the market — by the demand for and supply of loanable funds. Moreover, the Federal Reserve has no di-

rect control over the demand for such funds. It influences the supply, and its actions affect demand only to the extent that the resulting fluctuations in interest rates may encourage or discourage borrowing.

As a matter of fact, the role of the Federal Reserve in the money market during the last two years has been essentially passive. The Reserve System has not tightened the market; it has merely allowed the market to tighten itself. It has done nothing more than discontinue its earlier practice of holding interest rates at an artificial and inflationary level in order to support the market for government securities.

The real reason for the rise in interest rates is evident. Since March, 1951, the amount of intermediate and short-term consumer credit has increased by more than \$5 billion. Bank loans have risen by \$15 billion. Total private debt has expanded by \$33 billion. Banks and other lenders are becoming "loaned up."

### Borrowing Limit

In the absence of open-market purchases by the Federal Reserve, commercial banks can obtain reserves to extend further credit only by borrowing from the reserve banks or by selling securities to nonbank investors. Both of these expedients have recently been used more freely than had been the case for many years. There is, however, a limit to borrowing beyond which banks are unwilling to go and beyond which the reserve banks will not allow them to go. As for sales of securities outside the banking system, these can be made only at increasingly higher yields and lower prices, which mean losses to the banks and higher costs to borrowers.

Another widespread misconception regarding the advance in interest rates is that banks and other lending institutions are the principal beneficiaries. Among the comments of critics are such statements as that tighter money has "made it easier for banks, insurance companies, corporations, and private investors to obtain higher interest rates, and thus higher profits, on money loaned to the government" and that "it has been a decidedly favorable setup for the banks and banking interests."

The critics might recall that money has likewise been loaned to

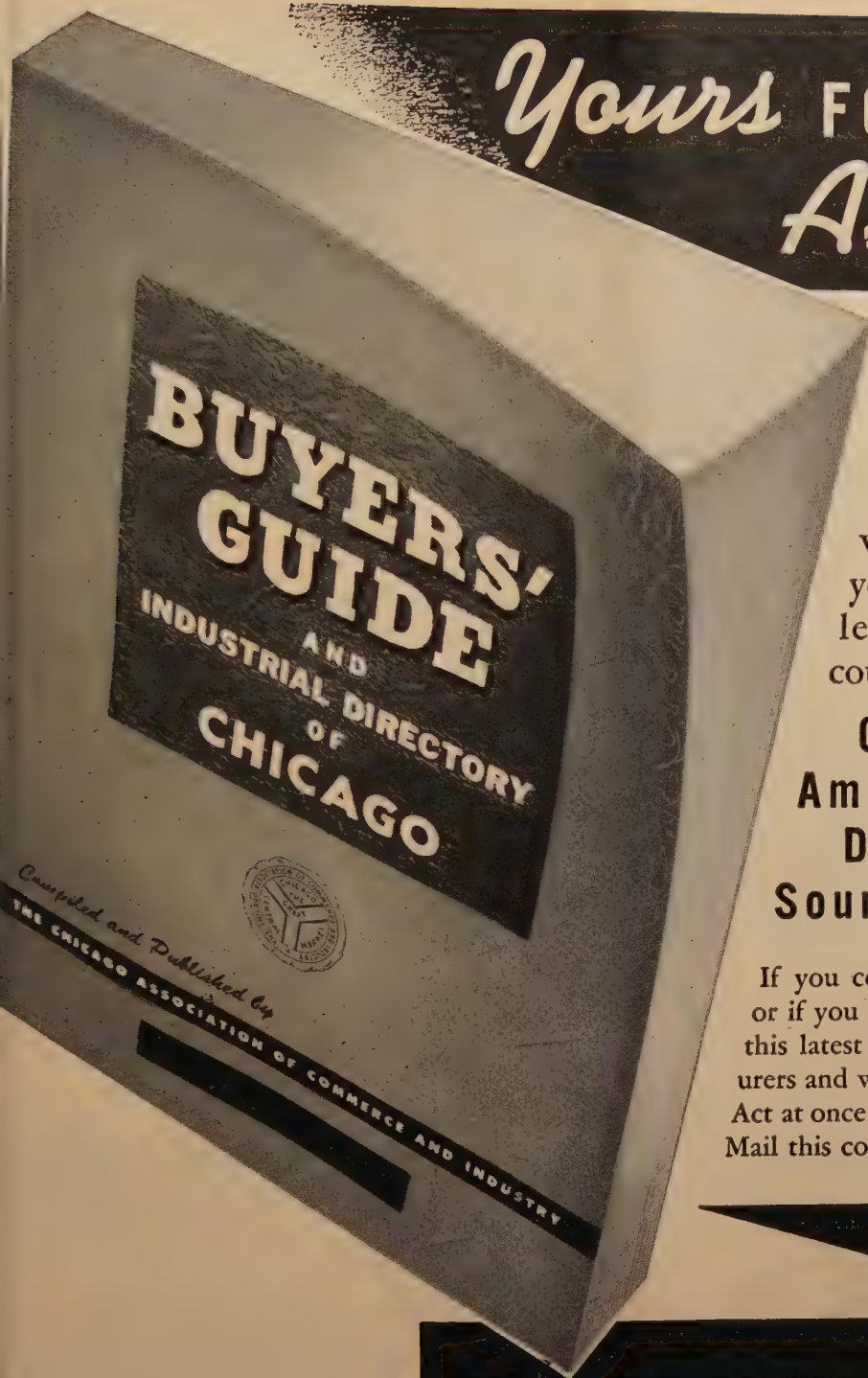


"Your secretary said you were out, so I just thought I'd wait."

(Continued on page 35)



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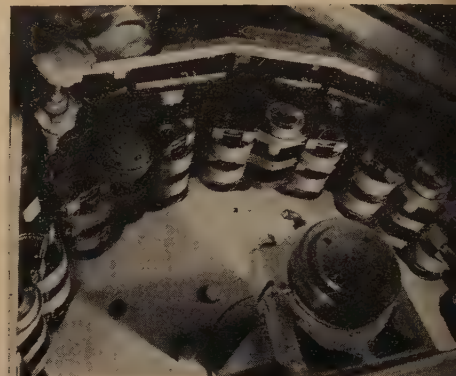
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1



2



3

## THE PRESS THAT

After 14 years of research and development, here's a giant new press that converts wood scrap into a continuous, low-cost panelling at 30 feet a minute!

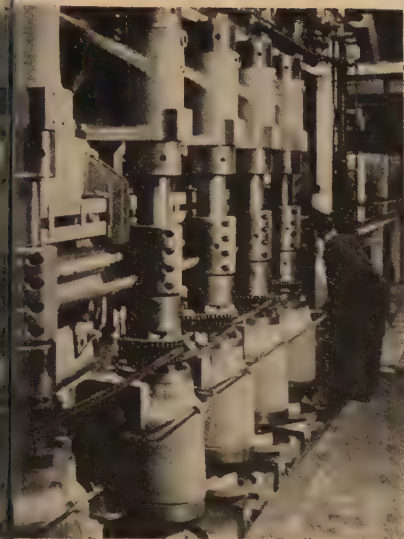
**T**HE pictures on these pages show the operation of a unique, new press, developed by Bartrev Limited of England, which converts wood shavings, scrap and other forms of cellulose into all-wood panels on a continuous basis. According to the manufacturer, a team of almost 200 engineers, physicists and chemists spent over 14-years developing the press which is said to turn out panels

selling for three to nine cents a square foot at mill level.

Several of the 200-ton, 131-foot presses are now under construction for sale in the United States and Canada (price: \$615,000 at the company's plant in England) through the New York representative, Aries Fiberboard Corporation. The first press has been in operation in England since June, 1952, and now turns out some 30 million square feet of panel annually, working on a three-shift, seven-day week basis.

The Bartrev Press uses somewhat over 50 tons of normally wasted wood materials daily, converting them into a continuous four-foot wide panel at





4

5

production of "Bartrev board": Wasteavings and chips move along conveyor (1) on way to one-man operated press (2) weighing 200 tons and turning out 30,000,000 square feet of wood annually. Technician (3) adjusts specially-engineered bearings that provide almost frictionless movement for Bartrev Press. Photos 4 and 5 show standard power tools working all-wood paneling which leaves press (6) in continuous strip.



6

## "MAKES" WOOD AT 30 FEET A MINUTE!

speeds up to 30 feet per minute. In operation, wood scraps are first reduced to uniform fragments, then are automatically weighed and combined with small quantities — four to eight per cent—of inexpensive resins. The treated material is then distributed by a special feeder onto an endless 50-inch wide band of stainless steel which carries the material through a radio frequency unit for pre-heating.

Later, the wood particles enter the heated pressure zone of the press, where the resin is set and the actual formation of the board takes place. An opposing upper steel band meets the carpet of wood particles, and pressure exerted by six hydraulic

units gradually eliminates warp-producing air pockets. Finished board is then delivered to be trimmed and cut into desired lengths by a traveling cut-off saw. Panel thicknesses are automatically controlled and range from  $3/16$  to  $3/4$  inch.

The continuously-produced paneling, according to the manufacturer, can be made of all kinds of wood materials and other fibrous wastes. Both wet and dry resins can be used. Decorative papers, textiles, metal foils, or laminates can be bonded directly to the board during the manufacturing process, or the board itself can be used as an inexpensive core material for wood veneers and plastic laminates. Furthermore, says Bar-

trev, the material can be sawed, cut, bent, screwed, nailed, drilled and jointed with ordinary woodworking tools.

Heading the team which developed the new press was William J. Fischbein, a British industrialist and plastics pioneer, who undertook in 1938 to apply the principals of continuous production—developed in the metal, glass and paper industries—to wood manufacture. During the war his London laboratory was hit three times by enemy bombers, but he managed to complete a pilot model of the press and later supervised the building of the first full-scale production unit that went into operation 13 months ago.



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## A Vital Business Asset: Libraries

(Continued from page 14)

pamphlets and clippings on the country and its culture. Fields also used the public library in preparing a reading course in merchandising for its sales personnel.

Chicago's public library would like to dispel the notion that libraries are merely places for bookworms. Miss Irene Peterson, who runs the business and civics department, sometimes complains, "Why is it that businessmen shy away from libraries? Rather than seek a factual answer to his questions, the average businessman calls a friend, who usually does not know the answer either."

On the other hand, Chicago Public does handle some 3,000 phone queries a month just in its business and civics department. There are two kinds: questions that can be answered rapidly, and those that require reference work. With a professional staff of 15, the department annually handles 85,000 information questions and 50,000 reference questions that come in by telephone, mail and personal visits.

There are easy questions like what's the address of a manufacturer in California or the population of a city in Indiana. Among the best thumbed volumes are trade directories, of which the library has an extensive collection covering almost every industry. State directories of manufacturers also come in for heavy usage as do books and services dealing with federal taxation, regulations and the like.

### Full Patent Files

The public library also has a file of all patents, plus a complete file of all Congressional proceedings, including committee hearings, and an extensive collection of out-of-town and foreign telephone books. Foreign traders are heavy users of the library's telephone books from cities like London, Liverpool and Rome. Also in the stacks are Chicago City Directories from 1839 to 1928, the older ones on microfilm, which insurance companies use to check beneficiaries and realtors to clear titles.

The business department even claims it can spot a stock market flurry by the volume of quotation inquiries! Estate lawyers use the financial files to certify stock prices

on given dates years ago, and queries regarding the value of foreign currencies are common. Occasionally these require digging, as when a recent caller asked, "What was the British pound worth in 1870?"

Foreign business conditions give rise to other queries. Last month a corporation executive asked the meaning of "co-determination," which he understood to be a current development in Germany. Chicago Public had the answer: union members participate directly in policy-making through election to a company's board of directors.

### Sales Bibliography

More frequent questions, however, require information on office salaries in Chicago or for books on topics like customer relations and industrial psychology. Chicago Public has distributed 15,000 copies of its bibliography of books on salesmanship, an item that has just recently had an upturn in popularity.

Labor unions are also afforded extensive services by the public library, which has an excellent collection of books and pamphlets on labor legislation, collective bargaining, wage contracts and negotiations, health plans, unemployment insurance, labor history, pensions and job evaluation. The library has numerous films for use at labor meetings, where staff members are frequent speakers, describing the information available at the library.

A friendly neighbor across the street from the public library is the John Crerar Library, frequently called Chicago's scientific information center. Not only does it hold the Midwest's largest medical library, but also outstanding research materials in chemistry, physics, applied mathematics, biology and geology. Among its other specialized fields are electronics, metallurgy, fuels, railroads, petroleum, engineering, food technology and agriculture. Crerar's million-plus collection of books and pamphlets in all languages range from Sixteenth Century scientific works to technical reports published last week. On its current periodical list are 10,000 scientific and technical publications.

A six-month Crerar reader study



losed that 25 per cent are company personnel involved directly in company research. Fifty per cent of book use is by students in the schools in which industry draws its research and engineering personnel. Crerar also offers industry a unique library service. Through its Research Information Service, it conducts paid literature research on a non-profit basis. Since 1947, RIS has completed more than 800 such projects, all handled confidentially.

Among companies that have used the service are Abbott Laboratories, American Can, Commonwealth Edison, Continental Can, General Mills, International Harvester, International Minerals and Chemical Corporation, Pepsodent Division of Lever Brothers, Pullman-Standard, Reynolds Metals, Sherwin-Williams, Swift, Upjohn, and Victor Adding Machine.

### ***Titanium Research***

Crane Company commissioned RIS to gather a comprehensive bibliography on the wonder metal, titanium, which at first was held confidential but later was made available to all industry for a modest fee. RIS's first big project came from the Atomic Energy Commission when it was commissioned in 1948 to abstract and publish literature, foreign and domestic, relating to nuclear science. Currently, RIS also serves foreign industry through a contract with the National Security Agency and the Department of Commerce. Answering the foreign query, RIS supplied information which resulted in a 30 per cent saving on a firm's materials handling costs.

The RIS staff, collectively reading 15 odd languages, includes chemists, physicists, an electronics specialist, a metallurgist, an engineer, a geologist and biological scientists. In addition to RIS research work, these specialists also prepare three journals, *Cremer Metals Abstracts*, a monthly covering the minor metals of special interest to research and industrial development — titanium, vanadium, niobium, zirconium, hafnium and the rare earths. *Leukemia Abstracts*, a monthly journal covering the world's literature on this disease; and for the Council of American Biologists, a quarterly *Abstracts of Analytic Technology*, designed to keep medical laboratories abreast of

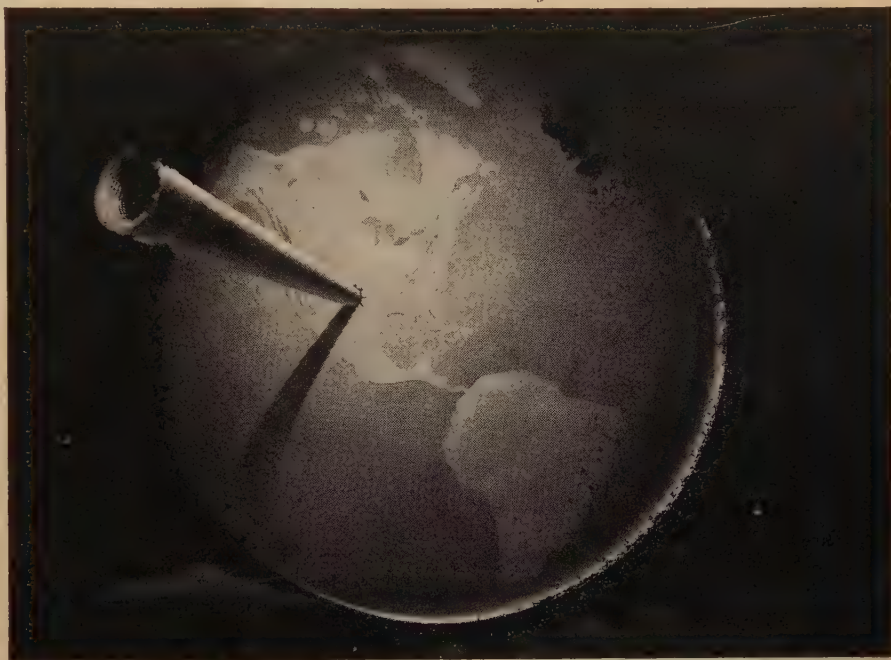
the latest techniques of chemical analysis.

Crerar is justifiably proud of the accomplishments that have sprung from work conducted in its research rooms. In 1928 a young electrical engineer, A. W. Haydon, became fascinated with electric clocks and small electric timing motors. With one year of college training he turned to Crerar as his "university," poring over works on alternating current phenomena and electrical apparatus.

Two years later he went to Waterbury Clock Company, where he

helped design a motor for electric clocks. Later, working alone, he developed motors for timers, time delay relays and time switches, later setting up his own company to manufacture them. During the war his motors were used in radar and other electronic controls built for the armed forces. Today, the man who was educated at Crerar "university" heads a thriving business.

Research Director Gustav Egloff of Universal Oil Products Company used Crerar to gather tens of thousands of separate details on hydro-



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Cities Service drilled 375 miles of holes itself in 1952, carrying on exploration activities during the year that extended over 26 states, and into Canada and Mexico, and produced 43,000,000 barrels of liquid petroleum. Cities Service is proud to play its part in this tremendous effort to keep our standard of living the highest in the world...to keep America vital and strong for its role as the leader for world peace.



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carbons, from which sprang his now standard treatise on the subject.

Unlike science-minded Crerar, Newberry Library is largely devoted to the humanities—literature, history, religion, philosophy, ethics, languages, fine arts and folklore. However, Newberry also houses one of the world's few special collections on the graphic arts, established by the John M. Wing Foundation.

The Wing collection provides not only a working library on the history and development of the arts of printing, engraving, bookbinding and book illustration, but also specimens of fine book-making down through the ages. Newberry has been a meeting place and exhibition hall for the Society of Typographic Arts

and has offered lectures and study groups jointly with the society.

Newberry, with its famed collection of Americana, is often asked such questions as the details of the first marriage in the United States. Particularly rich sources for advertising copy writers are its collections of early American magazines, like Nineteenth Century *Life Magazines* and *Leslie's Illustrated Weekly*.

Newberry's Ayer collection, dealing with the white man's first contact with native peoples in the Western Hemisphere, is in constant use. Users of its valuable collection of early Indian charts and maps have included Rand, McNally and R. R. Donnelley. Burlington Railroad historians used Newberry's collections in pre-

paring the road's centennial history and the research for displays and promotion of the Freedom Train took place at Newberry. NBC used Newberry files to find an old book of music, and encyclopedia publishers frequently use its archives to authenticate reports.

On one occasion, R. R. Donnelley turned up a striking color map, circa 1586, of the voyage of Sir Francis Drake at Newberry. It was reproduced in an advertising mailing piece, and produced more replies than any other mailing piece before or since.

Newberry's extensive genealogy department is used by insurance companies to check heirs and genealogical proof of age, by the Federal Bureau of Investigation and by probate lawyers. The library's books yielded clues that helped find the heirs of a 80-year-old Cleveland recluse who died five years ago, leaving over a million dollars.

The library also contains many reference works on heraldry, from which shields for such institutions as Wesleyan and Columbia Universities were designed—not forgetting the Chase candy wrapper "coat of arms," adapted from Chase family heraldry.

To Chicago businessmen who fully appreciate the scope and potentialities of their facilities, the city's libraries represent a world of information on just about every subject in the world. As one satisfied businessman remarked, after reviewing a research study conducted with the help of an efficient library staff: "The saving this represents is really money in the bank."

He may, oddly enough, have been speaking far more realistically than he realized. Certainly Crerar librarians will never forget the diligent reader who turned its rich resources into money, though not necessarily for the bank. This reader spent months pouring over Crerar's priceless works on printing inks, paper making and photoengraving. Shortly afterwards, this knowledge enabled him to grind out currency that, temporarily anyway, competed successfully with Uncle Sam's finest.

Since this experience, Treasury agents have politely asked Crerar to report any over-diligent readers in its photoengraving department. It seems you just can't be too careful with libraries as thorough-going as those in Chicago.



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# TUBES FOR INDUSTRY

World's biggest electronic tube warehouse opens in Chicago adding to the city's preeminence in television set manufacturing.

CHICAGO'S importance as an electronics manufacturing center was further emphasized last month when General Electric Company formally opened the largest electronic tube warehouse in the world at 3800 N. Milwaukee Avenue. The \$875,000 structure contains about 100,000 square feet of floor space and, in addition to serving as a warehouse, will house complete laboratory facilities for testing tubes of all kinds—industrial and transmitting, receiving, and television picture tubes. The photo above shows the TV-picture tube testing and inspection department surrounded by towering stockpiles of tubes.

The new warehouse, which will serve 16 midwest and central states, has sheltered loading docks providing space for accommodating five large truck trailers and four railroad freight cars simultaneously.

In ceremonies marking the opening of the big warehouse, I. J. Kaar, manager of engineering of GE's electronics division, predicted that the demand for vacuum tubes, particularly for industrial use, will increase nearly 60 per cent over the next eight years. He cited the "automatic factory" as a major source of increasing demand, adding that industry is rapidly approaching "an integrated nationwide electronic business system."

Besides a nationwide order service and warehouse inventory operated by electronic business machines and coaxial cable to relay information from point to point, the GE executive said the same electronic system "could also be used to read household watt-hour meters, and transmit their information automatically to machines which would make out bills and compile complete and continuous records."

Describing what he called an "electronics evolution" rather than "revolution," Mr. Kaar pointed that "we have many of the bits and pieces that can make up an integrated nationwide electronic business system."

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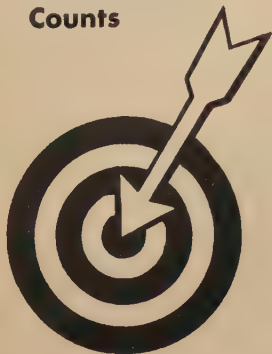
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## World's Biggest Business

(Continued from page 17)

gram set up by the Government Corporation Control Act.

Critics say the federal barge lines have long since outlived either justification or usefulness. But they have fulfilled their original purpose of providing cheap transportation and, by Congressional edict, they cannot be sold or leased to anyone directly or indirectly connected with any railroad. And, whoever buys or leases the lines must continue to provide the service now being given—for example, a costly "less-than-barge-load-lot" service instituted in recent years.

At his first press conference last March, Secretary Weeks said he will "definitely try to sell" the barge lines, optimistically adding, "I do not anticipate any objection in government."

Even the barge line battle may be mild compared to what will happen if the government tries to unload the Tennessee Valley Authority. Congressmen, ever the practical politicians, see little chance of TVA being sold to private enterprise. But the agency's "empire-building" may be over.

### The World of TVA

TVA has become the crowning symbol of government socialization. At first TVA built only dams for flood prevention, with electricity as a by-product. Later dams were built specifically for generating electricity, and within the past two years TVA has begun building steam generating plants avowedly to "firm up" water-generated power.

As opponents predicted, electric power was only a stepping stone. TVA marched on into more industrial fields and today its commercial empire even includes fertilizer factories which directly compete with private manufacturers. TVA sells fertilizer at \$68 per ton, against the best private industry price of \$100 a ton.

Last year TVA produced over 33,500 tons of elemental phosphorus, 142,900 tons of concentrated superphosphate, 31,300 tons of calcium metaphosphate, 17,500 tons of fused tricalcium phosphate, and 136,000 tons of ammonium nitrate fertilizer.

But TVA still has many "friends"

in Congress and they will offer a powerful barrier against attempts to abolish the agency. When the public learns the complete story of TVA operations, however, there will doubtless be mounting pressure to dispose of the agency.

On still another government-business front, the Navy has now announced its intention of getting out of the paint business. Since 1908 the Navy has operated paint factories at Norfolk, Va., and at Mare Island, Calif. They supply about two-thirds of the Navy's paint needs.

### Coffee and Floor Wax!

Over the years the Navy has been able to justify the existence of the plants to Congressional committees. But at a recent hearing the House inter-government relations subcommittee wasn't impressed. It had been hammering away for months at military production of items that could be handled by tax-paying private businesses. Last year the subcommittee wanted the Defense Department to get out of the coffee-roasting business, but finally settled for a plan of centralization under which the services will no longer compete against each other in buying green coffee.

Recently, the Navy closed its clothing factory in Brooklyn, N. Y., but it is still making its own rope, its own naval guns (at the Washington, D. C. Naval Gun Factory) and some airplanes (at the Philadelphia Aircraft Factory). The guns and the planes are special, not commercial items. So the Navy may keep on making them. But the paint factories will doubtless be closed or sold to private industry.

The General Services Administration's Public Buildings Service got into the making of emulsion-type floor wax the same way the Navy got into the paint business. It couldn't get the type of product it wanted.

GSA claims that in 1948, when it tried to get emulsion-type floor wax, no maker could meet the specifications. So the agency began "experimentally" working out a formula that industry could follow. Today an "experimental" factory in Washington, D. C., is turning out about 30,000 gallons of wax per year. This is a small part of what the govern-



ent buys, but it furnishes a good part of the wax needs of the federal buildings in Washington.

GSA says it plans to shut down when the proper formula is determined and specifications prepared. Closing down the plant cannot come too soon, say the waxmakers, who feel that 30,000 gallons is hardly an "experimental" batch each year. Congress hasn't looked over the operation yet, but when it does, it may decide that five years of "experimentation" is enough.

The movement to get the government out of business is catching. Even such fields as atomic energy, now reserved by law for government action, may soon be opened for full private enterprise participation. Some actions looking toward this eventuality have already been taken.

A number of firms are now investigating AEC work to find out how they can fit into the atomic power and isotope production.

It remains to be seen just how effective the get-the-government-out-of-business campaign proves. While there will be strong opposition right along, this is certainly the biggest drive of its kind. Some beneficial results have already been realized and more will come as Congress gets deeper and deeper into the subject. In the end, private enterprise will benefit when its tax-supported competitors go out of business. More importantly, the nation as a whole will benefit because the government in business is one of the surest symptoms of socialism, which in recent years hasn't been "creeping" but galloping ahead in the United States.

## Trends In Finance and Business

(Continued from page 10)

and Steel Institute further reports that profits fell to the 1949 level, despite substantial increases in production and shipments of the various products as compared with the operations of that year.

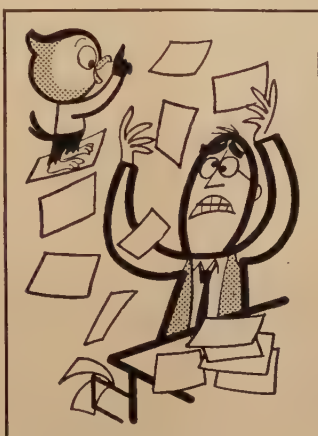
The decline of \$152,659,000 in net income to \$529,535,178 was the second big reduction in two years and carried the return per dollar of revenue down to 4.95 cents, the lowest since the end of the war. This was also one of the lowest rates ever recorded, aside from World War II, in relation to the relatively high operating rate of nearly 86 per cent

of capacity. Net income after all charges in 1951 was 5.76 cents per dollar of revenue.

• **Investment Success**—Which is more important to the investor: perfect market timing or the ideal selection of securities? According to Arthur Wiesenberger and Company of New York, the answer is selection. A recent study by the firm of long-term market movements actually shows that perfect selections of securities by industrial groups would have brought—in selected cases—3,000 times greater profit than perfect

timing or the picking of tops and bottoms of market trends.

The study, presented in the company's 1953 edition of *Investment Companies*—a reference work on mutual funds and closed-end investment companies, discloses that a hypothetical invest of \$100 beginning on January 1, 1915 would have reached \$101,908 at the end of last year if the sum had been invested in common stocks representing a cross section of the market and sold at the top of each major market movement and repurchased at the succeeding bottom of the market. This is the



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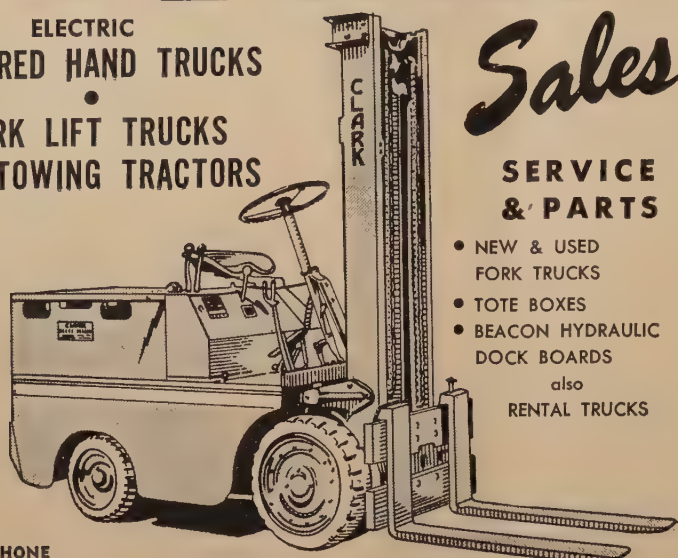
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well nigh unapproachable "perfect market timing."

However, the same \$100 invested also in 1915 in perfectly chosen industrial groups would have swollen to the fabulous sum of \$379 million at the end of 1952. And picking those perfect groups was only mildly impossible: it really only required 21 selections in the 37-year period to achieve these handy results. The moral of the story, says the company, "is to lean on professional investment managers who devote their entire time and efforts to careful selection of investments." You can worry about how to spend \$379 millions!

• **Insurance Premiums Up** — One volume of funds that never stops rising is life insurance premiums. According to the Institute of Life Insurance, the total of premium payments to all U. S. life companies in 1952 for life insurance and annuities reached \$8.3 billion and this year may exceed \$9 billion. By comparison with disposable personal income, last year's payments set no record, however.

While the 1952 premiums were more than double those of 1940, they actually represented only 3.6 per cent of aggregate disposable personal income of American families, while the 1940 premiums were equal to 5.1 per cent of such income. Life insurance premiums alone were \$7.2 billion in 1952, compared with \$6.6 billion the year before and \$3.4 billion in 1940. Annuities accounted for \$1 billion of the 1952 premiums, compared with \$400 million in 1940.

• **Starting Salaries Up** — More employers competing for fewer college graduates have shoved starting salaries to new all-time peaks for this year's seniors, according to the eighteenth annual employment survey by Northwestern National Life Insurance company. The survey covers 131 universities, colleges and technical schools, nearly all of which report starting salaries for inexperienced graduates to be up from last year's record levels, generally by around 10 per cent.

The 1953 averages reported by the various schools run \$290-\$310 a month for liberal arts men, \$310-\$330 for business administration majors, and \$325-\$375 for engineers, with some individuals starting at \$400 for

(Continued on page 39)





# Industrial Developments

... in the Chicago Area

INVESTMENTS in industrial plants in the Chicago area totaled \$11,028,000 in June compared with \$7,622,000 in June, 1952. Total investments for the first six months of 1953 stood at \$74,197,000 compared with \$74,657,000 in the same period in 1952. These figures include expenditures for the construction of new industrial plants, expansions of existing buildings, and the acquisition of land or buildings for industrial purposes.

• **Mathias Klein and Sons Company, Inc.**, 3200 W. Belmont avenue, will construct a plant containing 10,000 square feet of floor area at the corner of McCormick boulevard and Touhy avenue in Skokie. The company produces linemen's tools. Wright and Martin, architects; City Wide Builders, general contractor.

• **Molded Products Corporation**, subsidiary of the Admiral Corporation, will construct a 110,000 square foot building in West Chicago. The firm makes plastic products for its parent company.

• **Northern Metal Products Company**, 3300 W. Lake street, is constructing a one-story building in the Clearing Industrial District of Franklin Park. The company makes metal stampings for the radio and home appliance industries.

• **Sylvania Electric Products Company** has established a plant for manufacturing and storage at the corner of Cornell and North avenues in the Clearing Industrial District of Melrose Park. The plant contains 150,000 square feet of floor area.

• **Manhattan Royal Crown Corporation**, 3830 S. Michigan avenue, manufacturer of soft drinks, is building a factory and office building at

2837 W. 47th street. The one-story structure will contain 67,000 square feet of floor area.

• **Zenith Radio Corporation** has purchased the five-story building at 3501 W. Potomac street. The building contains 164,000 square feet of floor area.

• **Underwriters Laboratories, Inc.**, is making alterations to existing structures on the property it purchased recently at Pfingsten and Dundee roads in Northbrook. Underwriters Laboratories expects to move its entire facilities to the new site over a period of years.

• **Dutch Mill Candy Company**, 2222 Diversey boulevard, will construct a candy plant at 2549 Elston avenue. The factory will contain 43,000 square feet of floor space. A. Epstein and Sons, Inc., architect.

• **Beltone Hearing Aid Company**, 1450 W. 19th street, is moving to its new plant at 2900 W. 36th street, which contains 30,000 square feet of floor area.

• **E. I. du Pont de Nemours and Company** will erect a 45,000 square foot structure in Lincolnwood. The building will be used as a regional distribution point and sales office.

• **Foote Brothers Gear and Machine Corporation**, 4545 S. Western avenue, is constructing a 36,000 square foot addition to its factory in Downers Grove.

• **Houdaille-Hershey Corporation**, Fisher Building, Detroit, Mich., will add approximately 33,000 square feet of floor area to its North Chicago plant. This plant, which houses the Oakes Division of the company, makes automotive and refrigerator

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parts. Ragnar Benson, Inc., general contractor.

• **Buehler, Ltd.**, 165 W. Wacker drive, is erecting a factory building in Evanston for the production of its line of metallurgical apparatus. The building will contain 34,000 square feet of floor area. Klefstad Engineering Company, engineer.

• **Accurate Threaded Fasteners, Inc.**, 4645 W. Washington boulevard, has occupied its new plant on the southwest corner of Francisco and Montrose avenues. The structure, which contains 40,000 square feet of floor area, will be used as general offices and shipping and manufacturing facilities. The company manufactures screws, nuts, bolts, washers and rivets.

• **Production Finishers, Inc.**, 526 W. 18th street, has purchased a tract of land on West 14th street near Kostner avenue. The company does japanning and enameling. Bennett and Kahnweiler, broker.

• **Hannifin Corporation**, 1101 S. Kilbourn avenue, manufacturer of hydraulic equipment, will construct an addition to its branch plant in Des Plaines. J. Emil Anderson and Son, general contractor.

• **R. Lavin and Sons, Inc.**, 3426 S. Kedzie avenue, smelter of secondary nonferrous metals, will add 24,000 square feet to its plant along the Chicago Ship Channel.

• **General Plate Makers Supply Company**, 522 S. Clinton street, is erecting a plant at 5441 N. Kedzie avenue which will contain 20,000 square feet of floor area. The company manufactures supplies used in making printers plates. Klefstad Engineering Company, engineers.

• **Callaghan and Company**, publisher of law books, is enlarging its printing plant at Mundelein. Olsen and Urbain, architect; Cook Company, contractor.

• **Morgan's Inc.**, 32 W. Randolph street, manufacturing jeweler, is erecting a plant in St. Charles which will contain 10,000 square feet of

floor area. Burgess, Stevens and Purdy Associates, architect.

• **Standard Oil Company of Indiana** has added a new building to the automotive laboratory at its refinery in Whiting. The building will have every needed facility for measurement and control of operating conditions for every make, size and type of automotive engine that exists.

• **George Stevens Manufacturing Company**, 6022 N. Rogers avenue, is building a 15,000 square foot addition to its plant. The company makes coil winding machinery. Tuchschmidt and Associates, architect.

• **Driscoll and Company**, 842 North Troy has added 9,000 square feet of floor area to its plant. The company does electro plating.

• **The Do-All Company** of Des Plaines is adding 9,000 square feet of floor area to its plant.

• **Taubensee Steel Company** Franklin Park, has added 11,000 square feet of floor area to its warehouse building. Luria Engineering Company, engineer.

• **Illinois Packaging Company**, 167 N. Racine, has acquired the two-story and basement building at 2910 W. Armitage avenue. Arthur Rubloff and Company, broker.

• **Columbia Ice and Ice Cream Company** has acquired the building at 3124 W. Fillmore street. Willoughby and Company, broker.

• **North American Precision Casting Company**, 341 W. Erie street, has acquired a one-story building containing 12,000 square feet of floor area in McCook. J. J. Harrington and Company, broker.

• **Eagle Electric Manufacturing Company**, Long Island City, New York, has purchased the three-story and basement building at 642 W. Division which contains 14,000 square feet of floor area. The company manufactures sockets, clamps and other electrical parts. Browne and Storch; J. J. Harrington and Company, brokers.

• **Thread and Gage Company**, Inc., Schiller Park, is erecting an addition to its plant.



## The Facts About Interest Rates

(Continued from page 22)

ne government by millions of small holders of savings bonds, who have found that they made a bad bargain when they responded to patriotic appeals for their savings, because the value of the invested dollars shrank faster than the number of dollars increased, and who as a result have become more and more reluctant to buy such bonds. They might recall the other owners and receivers of dollars, such as pensioners and others dependent upon fixed incomes, who have suffered severely from the cheapening of the currency and whose position could become dire if the depreciation should continue.

These groups, not the lending institutions, are the chief direct beneficiaries of the rise in interest rates. Interest rates are not merely the score in a contest between borrowers and lenders of money. They are one of the most powerful stabilizing factors by which the value of money is maintained. Indirectly, everyone benefits, because sound money is indispensable to a healthy economy.

Comment on the money market has revealed a number of other misconceptions. One of these is that the present rate level is unduly high. As a matter of historical fact, it is very moderate for a time of active business and expanding credit. Only in comparison with the abnormally low rates of the depression years and the artificial rates of the war and postwar periods is the present level high. The  $2\frac{5}{8}$  per cent rate on commercial paper, for example, seems high by contrast with the low of  $\frac{1}{4}$  per cent in 1941, but not when it is compared with the 6 per cent reached in 1929 or the  $7\frac{1}{2}$  per cent attained in 1920. Before 1929 a rate below 4 per cent was a rarity.

In light of such comparisons, assertions that today's rates are injurious to business and agriculture fall rather flat. Perpetually easy money is, of course, agreeable to borrowers who are concerned only with immediate dollars-and-cents considerations. Perpetually easy money, however, means inflation, which is injurious to all in the long run. Those who find fault with the present situation refer to the "dangerous spiral of interest rate increases," but omit to mention the spiral of wage and price increases that gave the country its

fifty-cent dollar during the years when the Federal Treasury was dictating the interest rate for its own supposed benefit.

Some critics apparently fear that tight money will bring on a business recession. It can be argued with equal force that tight money will check the exuberance of the boom and thereby ease the recession when it comes. If there is a business recession, it will be the result of a preceding over-expansion. To allow the over-expansion to run on unchecked by maintaining artificially easy money would be a curious way of preventing or moderating the recession.

### Easy Money Advocates

Even among those who approve of the new monetary policy as a matter of broad principle, there are some who believe that the time has come to reverse the trend and make funds more readily available. This view is based on the expectation of a coming

business recession and the belief that easier money would help mitigate its effects.

Such forecasts are defensible and may even be right. Central bank policy, however, must be based on existing conditions, not on unprovable assumptions regarding what may happen at some future time. Against such vague fears, it is possible to point to dozens of reasons for the present hands-off policy.

Credit demands continue unabated. Employment is at a practical maximum. Industrial production and gross national product are at all-time highs. Demands are being made for a new round of wage increases. The velocity of circulation of the existing money supply is still relatively low, and an acceleration would be equivalent, in its inflationary effect, to an increase in volume. The Federal Treasury is faced with a heavy deficit for the current calendar year, and a substantial portion of this may have to be borrowed from the banking system. Tens of billions of dollars of Federal debt is redeemable at the option of holders on short notice.

Of all the misconceptions underlying

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ing recent criticisms of monetary policy, none is further from the truth than the notion that the Federal Reserve System is refusing to "support the credit of the United States." Federal Reserve policy has nothing to do with the credit of the United States in the sense of confidence in the ability and willingness of the Government to meet its obligations at maturity. No one doubts that the obligations will be met, nor can there be any reason for such doubt so long as the Government has the power to issue money. The only question that arises is, what will be the value of the money in which the obligations are repaid? This is the real test of the credit of a sovereign state with money-issuing power. If the Federal Reserve System, by refraining from pumping more credit into an already heavily inflated base, is helping to safeguard the value of money, it is doing all that it can do to support the credit of the United States.

### No Conspiracy!

Some recent comment, especially in political quarters, might be taken to imply that the rise in interest rates was the result of a Washington-Wall Street conspiracy to exploit taxpayers, consumers, farmers, and businessmen in general for the benefit of banks, insurance companies, and other lending institutions. Politically motivated as some of these insinuations are, they indicate that the spokesmen either have, or attribute to their audience, an abysmal lack of grasp of the true situation. Such absurd fabrications have no chance of belief where the behavior and the function of the money market are understood.

Actually, the rise in interest rates is simply one manifestation of the return to free markets. The money market, like any other market, must be allowed to fluctuate if it is to perform its proper function in a free economy. It cannot be artificially stabilized without creating far more serious instability elsewhere. Its fluctuations cannot always be immediately advantageous to everyone. Yet an adequately informed public will not hesitate to accept the inconveniences incident to free markets in preference to the immeasurably greater evils of chronic currency inflation on the one hand or economic regimentation on the other.



## Transportation and Traffic



THE Interstate Commerce Commission has approved the request of the Postmaster General for an increase approximating 36 per cent in parcel post zone rates estimated to produce increased revenue of \$153,525,000 a year. The commission said that increased wages and other costs warranted the proposed rate hike. Under the law applicable, the Postmaster General must certify that 4th class mail is covering the cost of that service, or ask for consent of the commission to make increases to meet that cost, before drawing on appropriations made for the postal service. The commission's function in proceedings of this type is limited to giving or withholding consent to proposals of the Postmaster General. An increase in rates for catalogs and so-called "controlled circulation publications" which also shipped under the general classification of parcel post, is still pending before the commission. The increase in zone rates will become effective October 1, 1953.

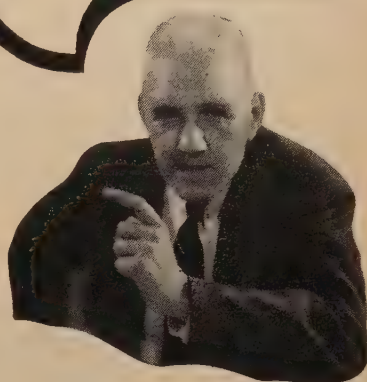
**Senate Committee Approves** participation in seaway project: The Senate Foreign Relations Committee, by a vote of 13 to 2, approved legislation authorizing the U. S. to join with Canada in construction of the St. Lawrence Seaway. The measure acted on would authorize this country to construct that section of the seaway in the International Rapids segment of the St. Lawrence River. Hearing has been held this week by the House Committee on Public Works on legislation identical that approved by the Senate Committee. In a 41-page analysis of the project submitted to the House Committee, the Chicago Association of Commerce and Industry, in line with action of the Association's Board of Directors, urged that the proposed legislation be not approved as the seaway cannot be soundly advo-

cated in terms of a self-liquidating transportation agency." The C.A.C.I. statement also said "the matter deserves an intensive and objective study, either by the Interstate Commerce Commission . . . or by an outside research agency . . . before further serious consideration is given to the proposal."

• **Saturdays To Be Excluded In** computing demurrage on tank cars: The Interstate Commerce Commission has suspended, on tank cars only described as Class "TM" in the equipment register, its Second Revised Service Order No. 856 which required railroads to include Saturdays in computing demurrage charges on railroad freight cars. The suspension period became effective at 7:00 A.M., June 20, 1953, and will remain in effect until 11:59 P.M., August 31, 1953. During the period of suspension, Saturdays as well as Sundays will be considered as free days in computing demurrage charges on tank cars only. Since June 6, 1953, Saturdays have been included in computing demurrage charges on all freight cars.

• **I.C.C. Leasing Rules to Become** Effective September 1: The Interstate Commerce Commission has issued a notice stating that its order in Ex Parte MC-43, *Lease and Interchange of Vehicles by Motor Carriers*, will become effective September 1, 1953. The order, which was recently upheld by the United States Supreme Court, would, among other things, prohibit trip-leasing of motor vehicles by owner-operators to for-hire carriers by requiring that the use of non-owned equipment by authorized carriers be under at least a 30-day written contract or lease. This provision in the original order has been modified to allow an authorized carrier to lease a motor vehicle owned by a producer or grower

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of agricultural commodities or of livestock for any period, where the vehicle has been used to transport the agricultural commodities or livestock of the producer or grower to market and the motor carrier desires to use the vehicle for his transportation on its return to a point in the state where the transportation of the so-called exempt commodities originated. Under such conditions the carrier must be given a statement at the time of the lease, signed by the producer or grower, stating the origin and destination of the agricultural commodities or livestock, and authorizing the driver to lease the vehicle for the return trip.

• **Senate Committee Approves** bill to expedite rate increases: The Senate Interstate and Foreign Commerce Committee has voted to favorably report S. 1461, a bill to permit the expeditious handling of carrier applications for general rate increases. The bill provides that within 60 days after the filing of a rate increase petition based on increased operating expenses, the Interstate Commerce Commission may issue an interim order authorizing such increases as it may deem appropriate and necessary to permit the carriers to earn adequate revenues. The commission would then proceed with its investigation of the increases proposed. Should the increases authorized after investigation be less than the interim increases, a refund of such excess charges would be made

by the carriers upon the filing of overcharge claims. While the original bill was applicable only in connection with railroad rate increase requests, it was amended by the committee to also include the rates of motor carriers, barge lines, freight forwarders and pipe lines.

• **President Nominates Owen Clarke to I.C.C.:** President Eisenhower has nominated Owen Clarke, 39 year old Yakima, Washington, attorney, for appointment as a member of the Interstate Commerce Commission to succeed Commissioner William J. Patterson. Mr. Clarke is a former chairman of the Public Service Commission of the state of Washington. Commissioner Patterson reached the compulsory retirement age of 70 on June 4, 1950, but has continued to serve on the commission by an executive order of the President. Mr. Clarke's nomination has been sent to the Senate for confirmation.

• **Railroad Loss and Damage** claims up 7.6 per cent: Railroad loss and damage claim payments during 1952 amounted to \$107,695,978, an increase of \$7,601,903 or 7.6 per cent over 1951, according to the Freight Claim Division of the Association of American Railroads. The ratio of loss and damage to gross freight revenues was 1.17 per cent as compared with 1.11 per cent in 1951. Claims paid by the nation's scheduled airlines during 1952 for loss





damage to air freight amounted only three-fourths of one cent on every dollar of freight revenue received, according to E. F. Johnson, president of Air Cargo, Inc. "To my knowledge this is the best claim record ever made by any transportation group," Mr. Johnson said.

**I.C.C. Postpones P. U. & D. Order:** By an order in I. & S. 6013, *Pick-up and Delivery Charges in Official Territory*, the commission has postponed from June 5, on one day's notice, to August 4, without change of notice requirement, the effective date of its order requiring the respondents to cancel schedules suspended in this proceeding. The commission's report in this proceeding issued early last month found the proposal of the Eastern railroads to increase charges ranging from 10 cents to 35 cents per 100 pounds for performing pick-up and delivery service not just and reasonable. The order would permit the carriers to establish a charge for pick-up and delivery of not to exceed 10 cents per 100 pounds for each service and to cancel the present allowance of five cents per 100 pounds to shippers and receivers performing their own service.

**New Express Agency Agreement Drafted:** On May 27 representatives of railroads handling over 95 per cent of the country's express business announced to the Interstate Commerce Commission that they had accepted a draft agreement providing for continuance after February 28, 1954, of the present type and scope of national express service by the Express Agency under a pooling arrangement generally similar to that now in effect. The boards of directors of the railroads, however, have not authorized execution of the new agreement.

## Trends In Finance and Business

(Continued from page 32)

40-hour week, plus a premium for longer work week. Over half, or 76 of the schools, report 90 to 100 per cent of their available seniors placed by commencement time. Nearly all of the engineering schools are in this situation. The remainder of the schools covered expect all or nearly all of their available graduates to be employed by autumn.

Eager corporation scouts were knocking at the doors of most schools a month or two earlier than in the preceding year. Some schools report that interviewing of June seniors began last October, right after registration. Others, with fixed starting dates for such procedure, nevertheless had many requests to permit earlier interviewing.

With from 60 to 75 per cent of the male graduates slated for early military service, most of the coeducational schools report a good market for women, particularly in accounting, secretarial work, sales, and general business, including a number of office administrative jobs ordinarily given to men. In the present extreme

shortage of engineering and scientific personnel, women majoring in math and the sciences are being eagerly taken by industry as engineering assistants, the survey finds. Women are also being placed as bacteriologists, chemists, metallurgists. Some schools report more calls than they can fill for dieticians, in industry and with institutions. The larger companies are interviewing men regardless of imminent military service; in many cases superior men are signed up even though they can work only two or three months before entering the armed forces, their seniority status to be maintained during their term of military duty.

## Here, There and Everywhere

(Continued from page 8)

tionwide letter contest on free enterprise that female teen-agers seem to have a better understanding of the enterprise system than teen-age males. Of 78 prize winners, 47 were girls. First and third prizes were also won by girls.

• **Bonus Stocks** — Nearly three and one-third million dollars worth of Standard Oil Company (Indiana) stock was given by the company this year to employees who participated in the third year of a savings and stock bonus plan. The distribution con-

sisted of 46,987 shares which went to 29,134 employees of the parent company and ten subsidiaries. The stock is given as a bonus to employees who have a year or more of service, join the company's retirement plan, and buy United States Savings bonds.

• **Europe Catching Up** — The use of automatic control equipment and industrial instruments has increased in Europe by at least 50 per cent since the end of World War II, Henry F. Dever, executive of Minneapolis-Honeywell, reported on his return from a European tour.

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## New Products

### Glass Paper

Papers made of extremely fine fibers of glass by Owens-Corning Fiberglass Corp., Toledo 1, Ohio, are, the company reports, finding uses in a variety of industrial specialty applications. The incombustible, inorganic papers filter hot and corrosive air, gases, and liquids, and are thus finding applications as base sheets in electrical laminates, as gasketing material and as plate separators in aircraft and other special batteries. Owens-Corning sells the fibrous glass in its wool form to paper companies which process the fibers and manufacture the finished paper product to customers' specifications.

### Trailer Flat Car

Experimental scale models of a new cushion-underframe flat car with built-in hold down devices for the rail transportation of truck trailers have been designed by the research and development division of Pullman-Standard Car Manufacturing Company, Hammond, Ind. The company describes the experimental models, now being exhibited to the railroads, as eliminating most of the technical deficiencies that have handicapped this type of operation since P. T. Barnum first chained circus wagons onto flat cars.

### Coin-Operated TV

A complete 19-model line of factory-engineered-and-installed coin-operated television sets, for pay-as-you-look entertainment, has been placed on the market by Bendix Television and Radio Division of Bendix Aviation Corp. The coin TV sets come in 17, 21 and 27-inch screen sizes.

### Compact Copyist

The "Hunter Hecco-matic Copyist" is the tradename given a new machine that is said to make dry, ready-to-use photo-copies in less than 45 seconds. The Hecco-matic is only slightly larger than a type-

writer, yet it makes photo-copies of any written, typed, printed or drawn material up to 14 inches wide and in any length. All moving parts are chain driven by a quiet electric motor. The manufacturer is Hunter Photo Copyist of the Midwest, 20 E. Jackson Blvd., Chicago 4.

### Atomic Pile Monitor

The first "packaged" automatic control system for electronically monitoring the operation of atomic piles and their related processes has been designed by Minneapolis Honeywell Regulator Company's industrial division in Philadelphia. The system, which includes amplifiers, servo-amplifiers, recorders, controllers and servo motors, is described as automatically regulating the rate of power generation of nuclear reactors at predetermined levels. The new system also provides robot-like safeguards against dangerous operating conditions.

### Anti-Squeak Sealer

An anti-squeak, water-tight synthetic rubber sealer, designed primarily to meet the trailer industry's problems in sealing window and door frames, side panel joints and the like, has been introduced by the adhesives and coatings division of Minnesota Mining and Manufacturing Company, Detroit 2, Mich. The company believes, however, that the "EC-1202" fabric-reinforced sealer in ribbon form is also adaptable for such applications as gasketing in railroad freight and passenger cars, busses, prefabricated metal buildings, air conditioning and ventilating installations, automobiles and trucks.

### All-Weather Engine

A British firm, C.I.P. Engines Ltd., Coventry, has come up with what it describes as a "wonder" static engine said to work smoothly in desert sands or in torrential rain and equally well on fuels ranging from diesel to vegetable oils. Designed to operate under any climatic condi-



ons, the eight horsepower motor, the manufacturer believes, has major potentialities for powering irrigation pumps in desert sandstorms and for driving machinery in the frigid Far North. A few weeks after its introduction, C.I.P. has \$2.8 million in orders for the unique engine.

### Arithmetic Card Game

No telling what card makers may come up with next, and just to prove it, the Exclusive Playing Card Company, 1139 S. Wabash Ave., Chicago is marketing what it calls the "I-Win Arithmetic Card Game." Lots of fun to play, says the company, and youngsters learn their arithmetic without hardly even trying. The game is said to be in use in schools in every state.

### Light Bulb Changer

Got any high ceiling light bulbs you have trouble changing? J. B. Tebbrell Corp., which specializes in long-handled saws, clamps and the like, now have a light bulb changer combined with a lightweight aluminum pole that snatches out bulbs some 42 feet overhead with no trouble at all. The unit handles bulbs ranging in size from 15 to 500 watts. The company is at 300 S. Los Angeles St., Los Angeles 13, Calif.

### New Diesel Tractors

J. I. Case Company has announced that it is beginning production of a six-cylinder Diesel which it calls "the most advanced" tractor at its Racine, Wis., Tractor Works. The first of the new tractors are expected to reach the market shortly. The "Model

500" is started instantly by pushing a button, needs no priming for normal operations, and needs only one fuel for operation — Diesel fuel. The company says these features eliminate "the major starting and operating inconveniences usually experienced with Diesels."

### Corn Blaster!

Blasting ground corn with ordinary factory airline pressure against "soft" metal parts to remove light burrs is the principle of two new machines introduced by the Modern Industrial Engineering Company, 14230 Birwood Ave., Detroit 4, Mich. Called "Maizo Blast" machines, they are said to enable fast production deburring of parts made from such metals as aluminum, most nonferrous metals, and mild steel. Highly precise automatic transmission and aircraft parts which would be damaged by tumbling are cited as examples of uses of the machines.

### New Abrasive File

A revolutionary new file — a regular hand tool used like an ordinary metal file but with a cutting surface that feeds from a coated abrasive roll — is being introduced by Minnesota Mining and Manufacturing Co., St. Paul, and Monarch Machine Shop, Inc., Madison, Wis. Called the "Red Flash" abrasive file, the hand tool is designed for deburring and other filing and finishing operations throughout the metalworking field. Featuring an 11-inch stroke, the file holds a roll of more than six feet of abrasive cloth, providing a six-foot cutting surface that is dispensed as needed to provide a fresh surface and to maintain peak cutting efficiency at all times.

## Why You Get the Barometer Blues

(Continued from page 21)

Simply recognized the unfavorable, as well as favorable, influence of weather on their dispositions and make allowances for conditions that lead to trouble. Actually, there are a number of atmospheric conditions which, individually and collectively, affect human moods. Weather changes, barometric pressure, temperature, electricity and radioactivity in the air, ultraviolet radiation, and

sunspots are among them. They cause health and sickness, good and bad tempers, efficiency and inefficiency.

A French researcher even believes that an overdose of radium in the air causes "spring fever." His theory is that during the winter little radium gets into the air, but when the snow melts and the ground is uncovered, the radium gas drifts up-

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ward lulling us into a seasonal lethargy.

Dr. W. F. Petersen of the University of Illinois and Dr. H. H. Reese of the University of Wisconsin have shown that mood changes are linked to a change in blood chemistry. Periods of restlessness, irritability and depression following alterations of the blood, they point out, are in turn brought on by weather changes.

### Errors Increase

One reason your umbrella may always be at home in the closet when you are caught in a shower is that people are more forgetful on low-pressure days. When the barometer is skidding, bus passengers leave behind more briefcases and packages, and lost-and-found departments have learned to expect extra work on such days. Even the seasons seem to influence our efficiency. When the errors made by a group of bank clerks were tabulated, it was found that there were relatively few in spring, but in summer they rose. In the fall they dropped off again, in winter they rose once more.

Traffic and industrial accidents soar on falling barometer days, and headaches, fainting spells and acute appendicitis are much more common. Some doctors, in fact, have learned to expect brisk business just before a storm. A druggist will tell you he sells many more headache tablets on low-pressure days.

Worker efficiency also follows a plunging barometer, sometimes falling by as much as 10 per cent. And, since many people wake up despising everything—their jobs included, absenteeism commonly rises.

People in business are wise to keep the weather playing with them—not against them. Salesmen, for example, would do well to shun difficult customers on falling-pressure days. In fact, a salesman should not feel too guilty if he just stops work altogether at the first sign of a storm, for the chances are he will make few sales of any importance. Certainly he will have to work harder, talk faster, promise more, and even then his wares will lose their luster in the shadows of a sinking barometer.

It is not only the direct influence of the weather that harass businessmen, but the secondary effects that often present perplexing problems. Oddly enough, weather conditions actually influence the types of bakery

products that customers prefer. Sales records suggest that people prefer pastries or plain bakery products on some days. On cold days, coffee cakes and doughnuts outsell all other types of baked sweet goods. In mild weather fancy pastries are preferred, and on windy or rainy days cake purchases drop—for rather obvious reasons. Nobody wants to carry clumsy bundles along with an umbrella. Some bakeries even regulate production according to the weather, basing output on forecasts of maximum and minimum temperatures, wind velocity, and the like.

All business, of course, has weather problems of some sort. A New York cigar store chain figures to lose \$4,000 in sales on wet and windy days. A specialty shop owner finds that people are more likely to return items purchased on dreary days. On the other hand, rainy days are often good for department stores, provided the rain does not start too early. Shoppers usually prefer to stay in one store rather than brave the elements.

### "Weather Symptoms"

- What can you do if you are sensitive to weather changes and a rising or falling barometer?

Some symptoms like headaches, extreme fatigue, nervous tension and excitability may be relieved by proper drugs and medicines. Hot baths and showers often help, or just plain rest in a quiet room.

The important factor, however, is to recognize the influence of the weather on mood and temper, on working capacity and general well being. Before you start worrying about your restlessness and irritability, before you start fretting over your boss's irritable mood, you should realize that the weather may be playing its insidious tricks. Is the barometer falling? Has a cold spell suddenly given way to a warm, humid wind? Is the air smoky, or is there a familiar depression which many people cannot help feeling on gloomy days?

If you are aware of those influences, the knowledge alone will take much of the stress and tension out of life on low-pressure days, for what looks like intolerably bad temper or bad-luck days may be nothing but a sunspot or too much soot in the sky.

A strong cup of coffee may give some people relief, while other peo-



are made more restless by stimulants. You have to find out yourself what is best for you. Matters may go so far that people who are extremely sensitive to weather conditions have to leave a town for good. Your physical and mental reactions to weather changes may occur immediately with the change of the weather. Other people may take hours or even a day or two until the weather effects will be noticeable. However, if you are adversely affected by a falling barometer or unpleasant weather, one thing you can always count on: fresh and favorable winds will blow again, doubtless blowing you right out of the doldrums. And that's the time to go out gunning for those tough customers!

## European Steel

(Continued from page 19)

just because the product is destined for a foreign country, as used to be the case. Skilled coal and steel workers are free to migrate across national boundaries. When the products are scarce and allocation is necessary, they will be shared by all and not hoarded for the exclusive use of the producing countries.

There are a number of technical provisions designed to cushion the transition from the former market to the one provided by the ESCS treaty, but the above description shows the completeness of pooling which has been undertaken. One important thing to understand about the change is that it does not represent socialization of the two industries. It is based on a philosophy of super governmental regulation, but otherwise is definitely predicated on the theory of giving free play to private enterprise and at the same time mitigating the effects of cut-throat competition.

In short, these countries, taking their cue from the competitive development of the American steel industry under the regulation of anti-trust law, have decided to abandon their historic cartel and price-fixing practices and try the U. S. system, slightly modified by some of their social traditions. The comparison in reverse would be to imagine what our system would be like if six of our steel-producing states had been operating with customs barriers between—for example—Pennsylvania and New Jersey, double rates for internal

and external sales, and similar restrictions.

The super government which does the regulating has a division of powers between executive, legislative, and judicial. The executive power is vested in what is called the High Authority, president of which is the Frenchman Jean Monnet, a wealthy cognac manufacturer who is the brains behind the plan although politically it bore the name of Schuman. Layton describes Monnet as "that idealistic but extremely shrewd and capable man," a description with which many American industrialists and government officials agree.

As part of its transitional management, the High Authority has fixed prices within the community for coal. This was done because it was apparent that there would be local shortages in some types of coal, particularly because of shifting markets due to the elimination of double and discriminatory pricing. Besides, coal unlike steel is a commodity bought directly by householders.

However, instead of undertaking to fix a price ceiling for every type of coal and creating a small army of officials to police it, the High Authority put it into effect under a system of crude average prices, giving as much play as possible to the law of supply and demand.

No prices were fixed for steel because it did not present the same problem. For one thing, there was no prospect of real shortage, and in

case there were local price rises because of shifting markets caused by the sudden elimination of previous barriers, they would affect fabricators, who are in better position to absorb them and work out of them than individual consumers.

As part of its operating charter—the treaty which all six governments signed—the High Authority has what amounts to anti-trust powers, the first effective set in Europe. It can forbid cartels and similar arrangements and impose fines for violation. Monnet, who at heart is the opposite of the bureaucrat, is operating this regulating agency with only 280 employes, of whom 60 are required as translators because of the language differences among the participating nations.

## A Future Threat?

Does this European experiment constitute a future threat to the American steel industry?

The American government, which has cheered this development from the start, believes not. The ESCS countries will compete with others in Western Europe for their raw materials—ore and coking coal—but none of the outsiders believe the competition spells danger to them. Britain, for example, the largest single steel producer in Europe, is sympathetic to the new development and stayed out of it chiefly because of unwillingness to give up national

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sovereignty to the super government.

It will not mean competition with the U. S. for raw materials. Our own sources are in this hemisphere, although we import a little Swedish ore.

It may mean some competition in our markets. Belgian and French steel have entered the U. S. market, and competed with us in third markets, in the past. The efficiency ESCS develops by pooling resources may enable the community to regain some of that ability to compete.

Generally, however, the advantages will be confined more to the six countries themselves, and will not give them a competitive edge in third markets. They still have a long way to go at home; the per capita consumption of steel in the ESCS

countries is only one-third what it is in the United States.

These considerations add up to the U. S. position of support. The development constitutes no threat to the U. S. industry, and has a number of advantages in the scheme of our plan for defense of the non-Communist world. It will increase the strength and efficiency of the countries involved, which is one of our aims.

It is an extremely important step toward the integration of Europe politically, which is a goal we favor. If the plan simply eliminates some of the bases of the Franco-German rivalry which led the two countries into three wars within the span of one life-time, a tremendous improvement will have been accomplished in Europe.

## What Presidents Think About At Night

(Continued from page 15)

rapidly, products can be transformed in a period of months; but people change slowly if at all. You cannot rearrange or retool the human organization of your business with the same ease and frequency as you rearrange or retool the plant.

We have constructed in this country an economic system which is a marvel in two ways. It is marvelously efficient and also marvelously complicated. In the last 40 years or so, this system has developed from what

the football coaches call in their trade a one-platoon system to something that approximates a 30 or 40-platoon system. All this is because we have applied to its uttermost limits the principle of the division of labor which was first described by the classical economists.

We have come from the age when a product was made in its entirety by one craftsman to the age where nearly every small operation on every part of every product is performed by different men. Production is so

specialized that frequently the machine does all the work and the man merely nurses and feeds it. The division of labor has gone so far here in America, as it affects the factory worker, that labor has been atomized rather than just divided.

Sociologists and psychologists, as well as practical operating men in industry, have recognized some of the problems this extreme specialization creates: the problem of loss of versatility, the problem of inflexibility, the problem of loss of pride in personal accomplishment and skill, and the problem of boredom from repetitive operations. There are many others, as they affect the worker at the machine or on the assembly line.

We are only now beginning to understand that the effects of this atomizing of labor are not limited to production employees. As management, too, has become extremely specialized, these same problems have spread into the management group, and even into the executive group. The specialization of management at all levels has lagged somewhat behind the specialization of equipment and employees, but it is following exactly the same course and giving rise to the same problems.

### A Circus Ringmaster!

The president of a modern company often is like the ringmaster of a 30-ring circus. We sit at our desks all day, while around us gyrate a vast number of special activities, some of which we only dimly understand. And for each of these activities, there is a specialist person.

We have engineers of assorted kinds. We have lawyers of many breeds, from patents to admiralty. We have market analysts, sales engineers, industrial relations experts, credit men, research metallurgists, time-study engineers, accountants, economists and statisticians. We have purchasing agents and traffic men and chemists. All, no doubt, are good to have, and all seem necessary, being useful on frequent occasions.

But it has reached the point where the greatest task of the president is to understand enough of all these specialties so that when a problem comes up, he can assign the right team of experts to work on it. We have a lot of people like Ed Wynn's famous painter who only painted boats and not horses. When a cus-

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omer insisted that he do a picture of his horse, the painter said, "Well, all right. But it's gonna look like a coat."

The president is like a man confronted by an enormous tool bench, who only hopes that he can pick the right screw driver for a particular special job. I sometimes wish for an old-fashioned jackknife with twelve blades and a corkscrew that can handle almost any job in passable fashion.

Because business has wanted these specialists, the colleges and universities have produced them by the thousands. If we need a good cost accountant, he is available. If we want an industrial psychologist, he can be had. That's fine, as far as it goes, but it still doesn't let the president sleep at night. The president has no great problem in finding men to run a section or a department, where one line of work is followed. But he tosses plenty over the problem of finding executives who have wider knowledge, more general savvy, and enough background of the right kind to run a whole group of things.

### Specialists—Pro & Con

What are the plus and minus factors in specialization, as it applies to management men? On the plus side, the great advantage is that by limiting his work to a relatively small area, he becomes a genuine expert in his area. By specializing from the start, he greatly reduces the time and expense which his employer would otherwise have to devote to his training. As a ready-made specialist he is more useful at an earlier time, and this tends to give him a larger income at a younger age than the average man. That's an attraction and one of the reasons why men specialize.

The great disadvantage is that specialization produces a man with limited knowledge and limited interests and experience, except in rare instances.

The narrow world of the specialist tends to produce narrow human beings. The specialist usually does not see over-all effects on the business, so he tends to judge good and evil by the sole standard of his own specialty.

We have all seen the credit man whose big interest in life is not making good sales under variable condi-

tions, but simply the ratio of past-due paper, and the possibility that at some future time, on a particular deal, he might be criticized. We have seen the time-study man who clings so firmly to what he regards as a principle that he doesn't care whether it meets ordinary human standards of fairness, or whether his actions shut down a 3,000-man plant.

### Narrow Viewpoints

We have seen the salesman who expects complicated machines to be re-designed in a week whenever one of his customers has a whim, the engineer who knows what is good for the customer, even if the customer doesn't like it, and the manufacturing man who can't understand why we won't pour more millions of dollars into his plant, even though the product is already losing money.

This narrowness of view is the curse of the specialist from the standpoint of top management consideration for advancement. Except in unusual cases, it tends to put a road block ahead of him after he reaches a certain level.

This presents a problem to the president in building his top organization. He finds he has more and more specialists and fewer and fewer general executives just below the top level. Some he simply cannot promote, and even with others, if he does promote them, he has to ask them to make a sudden and radical

change in the thinking and acting habits of a lifetime.

It may or may not present a problem to the specialist himself. In most cases, I believe it does. There are men, of course, who, after achieving reasonable eminence in their specialty, ask nothing more of life. But among men of real ability, we usually find ambition to advance, and in such cases specialization can produce a considerable degree of frustration.

At some time almost every specialist reaches a point where he realizes he can go no higher, ever. Such a man does one of three things, depending on age and individual character. He either quits and goes elsewhere, or he sits on his hands until pension age, or—very rarely—he starts out to make a different kind of person of himself, a project in which he may or may not succeed.

There is another fact about the specialist which is a problem to him and therefore to the organization. It arises from the very fact that he knows more about his specialty than his superiors or anyone else in the business. This situation frequently arises: a problem comes up related to his special field. He produces a solution which is entirely satisfactory from the standpoint of good practice in his specialty. But then the higher management won't buy it. They do something else instead—either because the specialist has failed to explain and sell his solution adequately or because he did not take into ac-

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count other factors of the problem which might lie outside his special field.

To put it bluntly, such a situation can occur either because top management knows more than he does or because it knows less. In either case, his advice has been disregarded and his judgment over-ruled, and that seldom makes him happy.

In this area lies a good part of the cause for a new note which has begun to creep into some of the studies of corporate management—the beginning of concern about the morale of what is called “middle management,” which includes nearly all the specialists and is largely composed of them.

Top men operate high, wide and handsome. The decisions are theirs, so their attitudes are usually good. In spite of frequently expressed concern about attitudes of foremen and other first-line management men, first-line men have specific duties and responsibilities, and they are at the point where things happen.

This man in the middle of the management pyramid, however, neither makes the decisions nor carries them out. He finds it easy to feel that his judgment is neither sought nor honored, that his training and experience are ignored, and that he does not participate to any real degree in corporation management. He is just “a high-priced office boy.”

## What Can We Do?

Those are some of the reasons why many a president lies awake at night. How can he maintain the interest of and get full advantage from the specialists who are too specialized to promote? On the one hand, the company absolutely requires the skills of the specialists in order to carry on its complicated operations. On the other hand, he has to get future top management from somewhere. And that somewhere has to be largely within the existing company, if he is to have any management morale at all.

The problems are easy to describe, but the ground becomes uncertain and the atmosphere cloudy when someone raises the simple question: What will we do about it?

One answer that has been offered is to start with the educational processes that take place before the man goes to work. Recently we have seen, as an example, some attempts



ade by engineering and other technical schools to give a larger part of their courses of study to liberal arts subjects, to try to produce an educated man as well as a trained engineer or doctor or whatnot. That is a hopeful trend.

We have also seen speeches by corporation officials, pointing out the necessity for rounded education and underlining the importance of the liberal arts college for the future, not only of business but also of this country. The nation, like the corporation, suffers from this problem of too much specialization.

### Preaching, Not Practicing

Unhappily, it appears that company presidents are not practicing what we preach in this regard. True, some of us have been giving money to support liberal arts colleges, but we have not been offering jobs to such graduates. *Fortune Magazine* recently recounted some of the actual experience of educational institutions with business recruiters who came to the campus looking for talent.

At Yale University in 1950 only 38 out of 66 corporation talent scouts were willing to talk to arts college graduates. In 1951, it was 55 out of 91. In 1952 it was 16 out of 117! At Johns Hopkins University in 1952 only 16 out of 200 scouts had any interest in the liberal arts man as compared with the engineer, the chemist or other specialists.

So we are obviously not making progress in that field and will have to change our approach before we do. These graduates are bright young men with a natural desire to eat. They see what is happening. And however much we may cry about over-specialization, we'll get more and more of it so long as our hiring policies are not in tune with top management thinking and talking.

Another answer which has been proposed is to catch the specialist after he is in industry but while he is still young enough to respond, and try to give him a wider training, a broader outlook—to take him away from his tree and show him the forest. This has sometimes been attempted by means of coaching, as it is called. This consists basically of selecting promising young men and moving them around through different functions of a business, letting them stay long enough in each to

get a real feel of it. Its advantage is that it teaches through experience and not just through precept.

One of the difficulties, however, is that it soon becomes obvious to everyone that certain people are on the coaching list while others are not. You create a sheep-and-goats division among your younger men and the goats don't like it a bit. Mistakes are also made, of course, and sometimes a sheep turns out to have goat blood in him!

Still another answer has been formal executive training. The theory is something like this. The employer says:

"Here's a younger man who has a record of accomplishment up to now. There may be something wrong with him that we don't yet know, but as matters stand, he looks as if he had the possibility for future development. Maybe he has. Maybe he hasn't. Training can't hurt and it may help a lot. So we'll give him the training, give him the chance to grow, and then wait and see what happens."

My personal view is that this is the most promising of the approaches to the problem and that results so far have justified it, in the case of my own company, at least. By one means or another, we need to produce a type of business executive who, after carefully learning that all balls are round, will not be completely flabbergasted the first time he meets one that has a square side.

He will meet them, for we live in a complicated world—a world that has spiritual and moral problems even greater than its economic and technical problems. If the kind of business system we now have is to survive, it must be staffed by men who can deal with problems of both kinds.

Businessmen today and in the visible tomorrows, will need to know how to earn a profit and why it is good for everyone that a profit should be earned. That's obvious. They also need to know how to get along with, and direct the efforts of, other human beings, both individuals and groups. Finally, every businessman needs to know enough about the society in which he lives and operates so that he can follow its changes intelligently, adjusting himself and his enterprise to changing conditions, and making sure that his business serves its most useful purpose for society.

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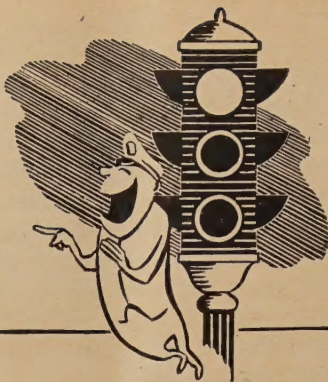
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# Stop me... If...



"Hey you! Pull over!" shouted the traffic officer.

The lady driver complied, and next day the judge fined her \$25. She went home in great anxiety lest her husband, who always examined her check book, should learn of the incident. Then inspiration struck, and she marked the check stub, "One pull-over, \$25."

Just home from his first train ride, a small boy was telling a friend about his new life's ambition. He wanted to grow up to be a railway conductor. "But wouldn't you rather be an engineer and drive the train?" asked the friend.

"No sirree!" he said in a positive tone. "The conductor gets to carry home all the comic books kids leave on the train."

Marry an army man, girls—he can cook, make beds, sew, is in perfect health and is already used to taking orders.

"Why is Mr. Knight pacing up and down on his front porch?"

"He's awfully worried about his wife."

"Is that so? What's she got?"

"The car."

Teacher: "Were you copying Jerry's paper?"

Student: "No, Sir. I was just looking to make sure he had mine right."

Gone are the old trails where two passing cars would sometimes sideswipe each other; now they're building super highways where six cars can collide at one time.

Two boys watched a stout man step on a scale. The man dropped his penny in, but the scale was out of order. It registered only 50 pounds.

"Gee!" gasped one of the boys. "He's hollow."

Sign in a western bar: "We don't have TV, but we do have a fight every night."

"My wife has an inferiority complex, Doctor."

"And you want me to cure it?"

"No, I want you to make sure she keeps it."

After a great deal of discussion, a farmer and his wife made up their minds to buy a tract of land adjoining theirs. The price was \$5,000 and they carried their money to the bank in a milk can. When the banker counted the bills and silver it was found they had only \$4,900. The couple was somewhat taken back. The woman finally spoke, "Why, Bill, you old fool," she said, "you must have dug too close to the house, you brought the wrong can."

We used to hear about men who parted from their money in the stock market. Nowadays they leave it in the supermarket.

The youngster came home from school one day and announced excitedly, "They've got a magic record player at our school."

"A magic record player?" asked his mother, puzzled.

"Yes," he explained. "You don't have to plug it into electricity—you don't even use electricity to make it play. All you have to do is wind up a crank!"

The worried patient was visiting his doctor for a check-up.

Said the doctor: "Do you smile at your troubles as I advised you?"

The patient replied: "Yes, and the doctor warned me three times to wipe that silly grin off my face and get to work."

A kind-hearted social worker was sympathizing with a prisoner who never received any visitors.

"Do you mean to say that nobody ever comes to see you?" she asked.

"No ma'am, nobody!"

"Yet you are eldest of a family of children?"

"Yes, ma'am, but not one of them would leave his cell to call on me."

Many a man now wishes he had saved money during the depression so he could afford to live through prosperity.

Nine-year-old David hurried off to school one morning before his mother inspected his wash job. So, when he sat down in the classroom, breakfast was still visible on his face.

The teacher frowned and said reprovingly: "David, you didn't wash your face. Would you say if I came to school one morning with egg and jam around my mouth?"

"Nothing," he retorted smugly. "Nothing at all. I'd be too polite."

An Irishman and a Scotchman went into a hotel for refreshments. They were asked to sign their names and nationality.

The Irishman signed: "Irish—and proud of it!"

The Scotchman signed: "Scotch—and for of it."

